



Elephant Blues

by Pavlos Roufos

Shortly before Donald Trump's electoral victory, a bizarre alliance of sorts emerged: from one side, military and foreign policy bureaucrats, neocon hawks and politicians, mainstream liberals and their favorite press outlets (*Financial Times*, *New York Times*, the *Economist*, etc.); from the other, left-wing militants, anti-racist activists, social justice warriors, and other fans of democracy. One thing this motley crew shared was its opposition to Trump's candidacy. What they also shared was a profound inability to foresee that Trump could actually win the election. The signs, however, were there. Maybe not in the over-adapted spaces of universities or the articles of journalists who believe everything they write, not because it makes sense, but because they *need to believe*. The signs were slightly outside of this framework, in a weird place some have called the "desert of the real." Over there, the rising tide of "right-wing populism" (as it usually called¹) has been sweeping through electoral victories and referendums, dominating a global discourse which, judging from the shock and surprise that these victories have caused, seems to have been skillfully filtered out of the echo chambers of most commentators. The disconnect is so overwhelming that one is tempted to speak of *elephants*.

There are smaller and bigger elephants hanging out in this global room. There is, for example, the small elephant of the Orban government in Hungary, whose moment of fame came with its reactionary stance during the movement of refugees/migrants in the summer of 2015. Maybe



Elephant in a Landscape, Giovanni Domenico Tiepolo, 1727 – 1804. Pen and brown ink, brush and brown wash, over black chalk. 7 1/8 × 9 9/16 inches. Bequest of Eva B. Gebhard Gourgaud, 1959. OASC, Metropolitan Museum of Art, New York.

sitting right next to it is another small elephant, the PiS (Law and Justice Party) government in Poland, which did its best to add itself to the list of reactionaries of the world when it proposed (among other things) a near-total ban on abortion. Joining in this good company, the Czech President Zeman, who hurried to be added to the list by calling for the deportation of thousands of *economic* migrants for posing a threat to the coherence of “European culture.”² Further up along the conventional international hierarchy, one encounters the slightly bulkier elephant of Erdogan in Turkey, a country in which what constitutes “breaking news” is the fact that there are still some people who have not (yet) been detained as enemies of the state. The list goes on (one could easily add Putin or Duterte to this club), but I presume the point has been made. For various reasons, however, what has made this growing trend impossible to ignore were the “huge elephant turds”³ left on the carpet by the bigger elephants of Brexit and Trump, two events that signaled the arrival of this current Right in the epicenter of the global economy.

Looking at the above gang, one might be tempted to conclude that what we are seeing is a global resurgence of the Right. This seems at first glance quite reasonable and it is also how the Left sees it, and how it urges people to see it too. As mentioned above, however, the binary of Left and Right is today incapable of shedding light to the situation. If Trump won, this also means that someone lost. The same goes for Brexit, for Renzi’s constitutional referendum in Italy and, if it happens—which is quite likely—for the victory of LePen in France in the election to come in May 2017. By insisting that recent developments represent merely a resurgence of the (extreme) right wing, one ignores that the central opponents of Trump, Brexit, and co. are not on the Left. Rather, they represent the embedded (usually neoliberal) *élites* of the last decades who oversaw the internationalization of trade, the deregulation and empowerment of financial institutions, the dismantling of working-class power and, perhaps most importantly, the management of the post-crisis systematic devaluation. This angle urges one to consider the contemporary predicament in its global context, something that no one seems to be doing at the moment.

A cherished disconnect

The inability to draw a connecting line between the specific developments was made possible, among other things, by an insistence on treating each one as a localized event. In fact, it seems to be a persistent characteristic of contemporary discourse to treat the globalized context as a mere sum of particular cases, each one “celebrated” in its difference.⁴

In this context, it is not surprising that most explanations for Trump’s victory (or for Brexit, for that matter) continue to be structured around the *specificity* of the places where it occurred or the ideological echo chambers of those who produce them. Detailed analyses of voting patterns and changes of voting behavior; income/racial breakdowns of electoral territories and results; more than not, a clash of personalities and the “culture” or sensitivities they represent; less

often, ill-digested and simplified “analyses” of why places like the “fly-over regions” of the US went for someone like Trump or why residents of the ex-industrial pillars of the U.K. found in Brexit an answer to their problems. Clearly, there is no denying that Clinton has the demeanor of a Human Resources representative announcing dismissals (no matter what she is talking about), while people like Cameron seem to have been developed in the same lab. But the absence of an international context contributes to further mystifications concerning the transformations that are taking place.

All around the globe, established elites are losing their ground and are tacitly (or not) being replaced by so-called “populists.” And while the economic policies these elites have supported (largely unopposed) for almost three decades have not yet lost the ability to determine the global context, the turbulence of the period suggests that it will not be long before they do. Despite its supposed local flavor, this transformation is rooted in three key global conditions: the continuation of an economic crisis and the unflinching refusal of those who represent contemporary class power to consider the failure of their policies; the promise of a “return” to the national community as a means to counteract the effects of the continuing slowdown of the global economy; and the inability of recent social movements to take advantage of the space opened up by the crisis to move in an emancipatory direction.

*“You never return it
Well, I wouldn’t miss it”*

– Blonde Redhead, “Elephant Woman”

A brief recap of this earlier mode of economic organization might throw some light on the paradigm shift that is being attempted at present. From the late 1970s into the early 1980s, a monetarist/market-friendly “uprising” took place, which swept the floor of Keynesian policies of closed economies, full employment, and a soft approach to inflation. What later came to be called “neoliberalism” proceeded primarily by dismantling the ability of labor to take a larger share of the wealth it creates. But it is worth remembering that, apart from attacking working-class interests, “neoliberalism” delivered little else (in its initial years). The supposed fiscal conservatism of Reagan actually increased deficit spending, while Thatcher’s “revolution” did not take off until the late 80s when a series of banking regulations were removed. “Neoliberalism’s” lure was predominantly centered around its firm decisiveness to defeat working-class entrenchment and to protect private interests at any cost. This was, until recently, enough for those who represented capital.

It takes no special knowledge of political economy to know that crushing the ability of the working class to consider itself an equal partner is not enough for a rebound of profitability. Despite the celebrated turn towards neoliberal/monetarist policies, the productive capacity for

value creation never fully recovered from the crisis that had caused this monetarist transition. But a new way of *perceiving* economic growth became dominant and, for a long period, mystified the viability of the capitalist economy and its fundamental structure. The expansion of international trade and markets, the increased capital in- and out-flows and the leveraging possibilities that the new players (banks, financial firms, hedge funds, and insurance companies) discovered when they rushed on the scene, gave the impression that capital had overcome its gridlock (albeit a non-admitted one: labor vs. capital) and was renewing its profit and accumulation process outside the production process *per se*.⁵ The effects of these changes were so widespread that even some of capital's previous critics started indulging in similar mystifications, flirting with the idea that perhaps the problems created by business cycles had finally been overcome. The combination of strict disciplining of labor, liberalized trade, record stock-market gains and (finally) credit expansion (sources of wealth creation that Keynesian policies had more or less ignored, if not obstructed) kept "neoliberalism" afloat for quite some time and gave birth to fantasies such as the "end of history" and other ludicrous inconsistencies. Until, that is, the party came to an end.

A de-industrialized elephant

Before the credit crunch exposed the piles of non-serviceable debt upon which the economic miracle of the 1990s – 2000s had been based, the very same monetarist policies had led core capitalist countries (such as the United States and the United Kingdom) into essentially "sacrificing" a significant part of their industrial capacity, re-aligning their economies by shifting positions within importer-exporter and creditor-debtor relations. De-industrialization (or, more often, relocation) took advantage of the possibility of reducing labor costs by moving (significant parts of) manufacturing towards low-cost countries, but it also fit very well with the conscious strategy of dismantling working-class entrenchment.

Gradually but irreversibly, this process condemned huge parts of the working class in the U.S., the U.K., and other capitalist countries to chronic unemployment, precarious/temporary contracts in different (and lower-paid) sectors—and a loss of *meaning*. In the past, the increased ability to enjoy the benefits that accompanied the Keynesian set-up had transformed the inherent alienation of wage labor into a veritable source of dignity. Because of the economic realignment, however, those millions of industrial workers that had captured the hearts and minds of the old labor movement found themselves facing a fate worse than the one afforded to them by capitalist exploitation: that of not being exploited at all. In the period that followed, these workers were transformed from proud proletarians into ghosts. They more or less disappeared. For those in charge, this was treated as casually as the notion that it might rain on Tuesday.

Can the real robots please stand up?

Another development credited with contributing to their disappearance is technological innovation and automation. It is certainly true that specific technological innovations shifted the structure of the labor market, pushing a small number of workers towards better-paid non-manual occupations and (the remaining majority) towards jobs in the service sector that are not as susceptible to computerization—at least before the crisis.⁶ And automation did indeed take place in some industries in which high transport costs hindered outsourcing and relocation.⁷ However, in contrast to de-industrialization and offshoring, the influence of “automation” in the loss of manufacturing jobs has been greatly overrated.

Researchers are still undecided on whether the third wave of automation raised or decreased productivity,⁸ but most of them (excluding techno-optimists) have been forced to conclude that the impact of automation and technological innovation on the net loss of manufacturing jobs remains low. Contrary to most claims, the innovations of the past decades have (in accordance with an historically observed pattern) *created more jobs* than the ones they have eliminated. The difference being, crucially, that these are lower-paying jobs. A careful observer would no doubt notice that the hype around artificial intelligence and robots taking over is always at the level of *forecasts* and future promises, something consistent with the dominant ideology of progress. But it is similar to the concept of progress in another way: it is false. Driverless cars could possibly replace human driving, but surely a precondition—among others—would be to first teach them to *drive on actual roads* (which they can't). Robots might well substitute human labor, but this will foremost require them to be able *to stand up* (which they can't). Big data could displace the need for human cognition, but only if the present-day need to constantly override their mistakes is solved. Kiva robots could one day render warehouse employees entirely obsolete, but for that to happen they probably should acquire the “dexterity” and “problem-solving skills” of distinguishing different shapes, sizes and textures. In other words, not very soon.⁹

The ideological influence of “techno-optimists,” combined with an element of fragmentary experience, has meant that contemporary understanding remains dominated by a growing fear of “automation” and its impact on jobs. Understandably, those who do not see themselves as jumping on the wagon of the growing army of software developers and programmers are less concerned about the details of the debate. What is more relevant though, is that today's elites have once again shown themselves particularly insulated from even acknowledging such fears.¹⁰ As in the case of de-industrialization, relocation and trade agreements, they insist on treating the (imagined or not) effects of automation as natural phenomena that have to be accepted. When forced, they bend over backwards to deny any possible connections among these phenomena, globalization, or the internationalization of trade.¹¹

The crisis elephant

The global bubble created by a system that imagined it had severed its ties to actual value creation—while also circumventing the deadly foe of inflation by pushing asset price hikes in areas that were not recorded as *inflation* but as *growth*¹²—eventually blew up in everyone’s faces somewhere around the reference years of 2007 – 08. This remarkable fuck-up that had outlets such as the *Economist* proclaiming a possible end of capitalism, did not immediately translate into a need for rethinking the fundamentals of existing economic policy. Rather, the management of the crisis reinforced the same recipe that had brought the crisis about in the first place.

Prioritizing the need to save the very organization of the economy responsible for the credit crunch, managers of capital worldwide thought it enough (if not too radical) to inject massive amounts of printed money (through programs such as Quantitative Easing or TARP¹³) into the banks, insurance agencies, and other financial conglomerates. This had the interesting side effect of unmasking the fundamental organization of the contemporary economic system, while also revealing its immediate limitations: how can the sudden injection of more than thirteen trillion dollars into an economic system not produce any inflation whatsoever? The answer was simple: it was because the money created out of thin air was overwhelmingly directed towards the same sectors of the economy that had been prioritized before the crisis, further exacerbating the disconnect between imaginary profit-making and actual value creation. In short, the only fingerprints that this money left on the world were in the balance sheets of central banks, and the conspicuous absence of widespread bankruptcies.

For those places (such as Greece or Spain) where the previous credit expansion had been utilized as a means to delay or ignore an economic restructuring that would discipline labor and inflation in favor of market competitiveness, an additional feature of crisis management was introduced. Apart from saving failing banks and ensuring the well-being of creditors, the increase in sovereign debt of those countries was used to effectively exclude them from the “market,” abolishing their ability to continue borrowing to roll over previous debt. The keyboard strokes that allowed major economies to print their way out of the credit crunch would not be utilized, unless they were accompanied by a series of harsh austerity measures that would, eventually and hopefully, realign these economies with the fundamental principles of monetarist economic policies. One after the other, the governments of the peripheral South (regardless of which side of the political spectrum was in charge) were forced into accepting humiliating terms in exchange for loans with very strict strings attached, condemning them into a spiral of recession, mass unemployment, welfare, and wage reductions.

The problem with both of those strategies should, however, have been clear by now. For those caught in the trap of austerity and recession, a continuous deflation has drastically reduced wages (and therefore demand)—while increasing the value of debt (a debt that is consistently increased with every “bailout” agreement) —thereby ensuring that any chance to pay back the

sovereign debts is entirely out of the question.¹⁴ On the other side, even those who avoided the *harsh* austerity that precludes any economic growth, have failed to see the economy pick up. Despite all the unorthodox measures devised by successive governments, such as negative yields on interest rates or quantitative easing, the threat of deflation persists,¹⁵ while the steady decline of investment (as corporations see no attractive returns at the moment) perpetuates sluggish “growth.”¹⁶

Sous les pavés les institutions!

As neoliberalism’s attractiveness had more to do with its ability to deconstruct the post-war class compromise and defeat proletarian resistance than with ideological coherence, the crisis-management strategy of the post-2007 period will most probably be credited with being able to contain the social movements that sprang up against it rather than with restoring economic growth.

In the crucial years between 2010 – 12, the world seemed to be going up in flames, torched by the mass mobilizations of people reacting to the policies put in place to keep the economy (but not them) alive. The riots against austerity in Athens, Madrid, and Lisbon coincided with the uprisings in Arab and North African countries, themselves initiated by a hike in food prices, a by-product of capital flight in the commodity markets. In turn, the U.S. was rudely awakened from its social slumber by the Occupy movement, which questioned the content and end-result of the bailout policies. For a while, it seemed as if a global mobilization was in the making, threatening the already frail state of the global economy. But internationalist this mobilization was not.

The movements of the past few years, and their failure to prevent the merciless impact of austerity and capital consolidation, have been repeatedly analyzed and scrutinized. One side of this failure, however, which is becoming newly relevant in the current context of Trump and Brexit, relates to the noticeable inability of these mobilizations to step outside of their respective national frameworks. Without implying that such a direction is a simple matter of choice, it is worth noticing that the structural difficulties of articulating a concrete anti-nationalist resistance¹⁷ were especially hindered by the concerted efforts of the Left in different countries to understand the economic collapse as a form of national humiliation and to organize its reactions through the national looking glass.

These formulations were well-received by significant parts of the population, who saw in them the possibility of a revitalization of the state as an indispensable mediator of class antagonisms, especially after what they experienced as a defeat in the streets. But this was not simply a practical and strategic turn born of necessity: it carried with it a theoretical reconfiguration. By positing the consequences of the crisis and their own systematic devaluation as stemming from

supranational institutions, unregulated banks, and/or unelected bureaucrats in faraway decision centers, significant numbers of those who protested gradually paved the way for a specific belief: namely, the idea that a return of “lost sovereignty,” of parliamentary accountability, and of economic redistribution (a return, that is, to the state-mediated national economy) might be able to halt the forces of globalization and its crisis.¹⁸ This reorientation did not simply misallocate the center of gravity of the crisis (counter-posing “supranational” with “national,” as opposed to *class* antagonism) but it additionally produced a “solution” which corresponded to this false reading.

When people’s self-activity (strikes, demonstrations, riots) receded under the pressures of police violence, internal contradictions, and lack of orientation, it was replaced by its opposite: delegating power to a set of representatives who would take over the state mechanism and negotiate a national exit strategy. From Greece to Egypt, and from Spain to Tunisia, the wave of social unrest crashed on the shore of institutionalism and parliamentary politics, a framework predicated upon the national terrain.

Not surprisingly, none of the attempts on the basis of this outlook even came close to putting an end to the policies of devaluation. But they were *negatively* successful in consolidating the persistence of the national narrative as the anchor point for all further discussions around the crisis. The proponents of this transformation seem to have forgotten, however, that some others have been, historically, more efficient in managing the national imaginary.

A broken-down globalized elephant

Trump, Brexit, and other elephants have made it part of their allure to rally against globalization and its neoliberal coordinates. In doing so, they appeared momentarily to be in cahoots with those, almost forgotten, anti-globalization activists whose attempts at blockading international forums were unsuccessful but whose critique of globalization resonated with many even outside the movement.¹⁹ Yet what brings about the success of these elephants is not related to this long-gone political movement. It relates, more directly, to the fact that one side of capital’s managers is also desperately looking for a way out of the current predicament. As of recent, it seems like some of globalizations’ most fierce defenders seem to have undergone a change of hearts.

Only some months ago, for example,²⁰ an IMF Research Department published a brief study suggesting that “perhaps” neoliberal economic policies have been “oversold.”²¹ Naturally, the “critique” came after the obligatory disclaimers, repeating the often-chanted mantra that, despite its problems, “there is much to cheer in the neoliberal agenda,” such as the reduction of abject poverty and the positive effects of foreign direct investment on the transfer of technology. But, in its reluctance, the study pointed at the negative effects of free capital

movement across borders while also implying that the dogma of austerity has proven to be somewhat problematic. Lurking in the background of the paper's approach was another favorite topic of contemporary economic wisdom, rampant inequality.

The framework of the IMF paper brings to mind another famous elephant of our times, namely the one depicted in the graph of a World Bank paper brought to fame in 2012, which portrayed global income distribution between 1988 – 2008.²² In this famous elephant-shaped curve, income growth was depicted as particularly strong for the global “middle class” (e.g. China) and the really rich, and particularly stagnant for the lower classes of the developed capitalist world. Some inconsistencies have already been noted²³ in relation to the graph: for example, population growth on its own in rapidly developing economies (and particularly India and China) could well explain what gets translated as income growth, especially when measured in relation to developed economies; moreover, the changing country selection of the study (the fact, that is, that those counted as poor in 1988 are not the same as those counted in 2008), also blurs the supposed clarity of its findings.

Nonetheless, and although recently utilized by economic strategists in search of an economic rationalization of the Brexit or Trump vote, the original publication of the graph was predominantly used to depict the “benefits” of globalization (and, therefore, the neoliberal policies that accompanied it)—that is, the rising incomes of developing countries. What is interesting about the study (and its famous graph) does not so much concern the details of its findings but the fact that what was once a weapon to defend globalization has today become (yet another) tool against it.

What has made these and other defenders of the status quo change their hearts is not, of course, growing inequality—no matter how much they like to pretend it is by handing out Nobel Prize awards to those who recently discovered it.²⁴ The tectonic shift towards criticisms of globalization and neoliberalism rests on a material basis, which, like everything else, appears in a tilted form. Regardless of the outfit, it reflects a growing understanding on the part of many of capitalism's economic advisers and strategists that capitalist profitability is continually decreasing, while a new productive paradigm to overcome the gridlock that the previous organization created is, so far, nowhere to be seen. Politicians like Trump or those who promoted Britain's exit from the E.U.²⁵ simply represent an existing undercurrent of discontent, which not only conveniently addresses the grievances of millions whose lives have been unceasingly devaluated, but also captures the anxiety that certain representatives of capitalist interests externalize.

Sad passions of nationalism animated

The failure of past social movements, and the embarrassment that the Left's parliamentary

endeavors has generated, have led many to believe that a space was opened up for the emergence of right-wing, xenophobic, and racist ideas. There is, of course, an element of truth in this. Golden Dawn in Greece, the Swedish Democrats and other neo-Nazi groups have managed to increase their base of support beyond belief in the last few years, riding the wave of discontent that the crisis has produced. But although many on the U.S. Left are doing their best to argue that Trump represents a U.S. version of Golden Dawn, this approach misses a crucial thing: despite the undeniable fact that many Trump or Brexit supporters are unashamed racists, it requires a suspension of rationality to consider *all* of them in these terms. This does not mean that those drawn to Trump or Brexit are not against immigration. It only means that equating rising anti-immigration sentiments with racism gridlocks critical thought into a spiral of inconsistencies that obstruct a better understanding of the situation we are facing.

The first point to make concerning this conflation is that the “racism” in contemporary discourse seems to have become a term to describe a wide range of different social phenomena that are unrelated to racial categories. In this context, the monotonous insistence that xenophobia or nationalism are “in fact” forms of racism has done nothing but generate stupefying confusion.²⁶

One might be permitted to explain the targeting of (primarily) Mexican workers by Trump and Middle Eastern and North African refugees in Germany, Eastern Europe, and Greece in racial terms, but the concept of racism becomes problematic when one adds, for example, the discrimination against Eastern Europeans during the Brexit campaign.²⁷ The situation gets even more complicated when one is faced with facts such as the large number of pro-Trump Latino votes,²⁸ the unsettling support of some (long-established) Polish migrants for Brexit,²⁹ or the participation of Albanian migrants in Golden Dawn’s “assault squads.”

The quest for a more suitable analytical category leads us, through no coincidence, back to the framework of political economy. From this perspective, what unites all of the above expressions is not some over-stretched definition of race but the demand for the reconfiguration of the *post-crisis, post-globalization* economic landscape within the national framework, or (to borrow a useful term from Tony Norfield), a return to “national welfare.”³⁰

In the contemporary situation, globalization is not only understood as the form that allowed the expansion of international trade, the unrestricted in- and out-flows of capital across the globe, and the rise to prominence of the banking sector. It is also seen as responsible for establishing the free movement of labor—a condition which, after the crisis, exacerbated the (unfortunate but real) structural antagonisms between workers competing for a better share of the labor market. What unites a lot of those who support Trump, Brexit, AfD, Le Pen, and the rest of this motley crew is not only the fact that they have suffered from the economic policies of the last 30 years, but a shared belief that the only possible remedy for this situation would be a return to the national framework, within which the state would (re)take the role of protecting its citizens from the “abstract” forces of the global economy.

As I suggested previously, this is almost identical to the program that the official Left has been promoting, whether it was in a position to claim power or not. The clear anti-immigrant policies of the right-wing might have given lefties around the globe the opportunity to declare their disgust, but hardly anyone seemed troubled by the battle cries of a Left which called for the restoration of “sovereignty” or premised its social-democratic policies on notions of “national reconstruction,” all of which are deeply rooted in the eternally unchallenged framework of capitalist social relations: the nation. This produced calls for the state to withdraw its support from international trade agreements, globalized financial players, and monetary unions³¹ in order to proceed with some form of (national) redistribution of wealth. What the patriotic left seems historically unable to comprehend (or unwilling to admit) is the fact that there is no national community without an exclusion of those who are outside of it.

As a result, what Trump, the Leave campaign, and others did was simply take these proposals to their logical conclusion: if the state truly re-aligns its focus towards its citizens, aren't all those who *do not classify as citizens* automatically excluded? If low-paid Mexican workers are denied entry, shouldn't that imply that U.S. workers will have better chances and less downward-pressure on their wages? If the U.K. leaves the E.U., couldn't the money saved be directed towards improving the National Health Service (NHS)? Indeed, it was simply a matter of time (and a dose of “realism”) before the government-oriented Left started walking in these footsteps. Almost from the beginning of Corbyn's unexpected appointment as leader of the Labour Party, left-wing journalist Paul Mason (and others) had been encouraging a reconsideration of Corbyn's too “immigrant-friendly” policies, pushing for the adoption of immigration controls—a push that seems to have succeeded.³² And while Syriza's treatment of refugees/migrants in Greece has shown a side of the left even more damning than its complete pro-austerity capitulation,³³ the head of Die Linke in Germany casually argued that “the inclusion and integration of large numbers of refugees and immigrants is associated with considerable problems and is more difficult than Merkel's frivolous ‘*Wir schaffen das.*’”

Future elephants

Though it appears as if a paradigm shift is on its way, its coordinates so far show no sign that economic stability or even growth will emerge. Even Morgan Stanley is forced to admit that the influence of Trump's proposed policies on employment and inflation will most likely be minimal, while if corporations do in fact repatriate part of their foreign reserves (as Trump urges them to), that capital will most certainly be directed towards the same purposes as when Bush tried the same thing in 2004—i.e., to buybacks and dividend payments, not investments.³⁴ Moreover, the infrastructural spending that initially raised some ears on the Keynesian side of town sounds more like a method of privatizing public assets by (again) giving tax credits to companies that will invest small amounts, borrow the rest, and end up with ownership titles that deny the state any future revenue—resulting, as Marxist economist

Michael Roberts shrewdly noted, in some rather apoplectic Keynesian reactions. But even if Trump did follow Keynesian policies of infrastructural spending, tax cuts, and quantitative easing, it remains hard to imagine why the result would be any different from that in Japan (in other words, a veritable flop), which has been following this strategy of “neoliberal Keynesianism”³⁵ for some time now.³⁶

What about protectionism?³⁷ On a theoretical level, this is entirely consistent with the return to the national terrain—away from globalization—but on an economic level (and especially from the point of view of capital) it not only sounds extremely destabilizing; but, for Trump to materialize any such policy he would first have to deal with the significant cost increases of relocating manufacture in the U.S.,³⁸ before even facing the unimaginable consequences of the trade wars his tariffs might set off.³⁹ In similar fashion, pundits of all sorts are still looking for the economic rationale behind the U.K. decision to leave the E.U., considering that its previous half-in/half-out balancing act allowed it to both enjoy access to the Single Market and avoid the most restrictive aspects of the monetary union.

Nonetheless, U.S. capital has already responded extremely positively to Trump’s election, with the stock market recording record highs, while calm has returned in the U.K.—after some initial shocks and a 20 percent devaluation of the pound. Considering that it took a few years for neoliberalism to become a convincing strategy, one can easily imagine that the so-called national protectionist policies on offer might keep the situation afloat, even if only through wishful thinking rather than concrete results. In any case, we have already experienced how wishful thinking can keep the “markets” happy for quite some time, let alone people who really want to believe that things will improve.

In this context, the worst possible outcome of the transformations that are taking place at a global level would be their (partial) success, while avoiding the idiocies identified by today’s liberals and the Left. What is going to happen if Trump drastically tones down his misogynist and racist comments, if he actually restricts deportations to those with criminal records,⁴⁰ if he stops conducting foreign policy through Twitter? What if, instead, he focuses on infrastructural spending (which will create some jobs), on developing the narrative that he is saving manufacturing jobs (partly true but only in exchange for impressive tax break handouts to corporations), on further deregulating banks (his cabinet reeks of Goldman Sachs), on generous tax gifts to any enterprise that decides to repatriate (part of) its income? A cross-class support base might be formed that will re-legitimize capitalist relations and significantly close the gap that the crisis opened up.

Looking at Brexit, similar questions arise: what if the internal contradictions of the E.U. eventually culminate in forcing a soft rather than a hard Brexit, allowing the U.K. to retain some access to the Single Market while rejecting the “politically sensitive” issues? But even if a hard Brexit is enforced, how will that play out? Immigration was at the epicentre of the Leave vote, but it is absolutely clear that migration towards the U.K. will not stop even if it leaves the

E.U. What will change is that migrants from the E.U. will no longer have access to so-called “equal employment/unemployment rights” (already consistently reduced since 1994⁴¹), something that will allow for their more ruthless exploitation, opening the way for increased profits. Is it really unimaginable that some of the quantitative easing money that the Bank of England has been nonchalantly printing might be directed towards Trump-style infrastructural works that will also create “some” jobs?

We live in strange times. The hope and enthusiasm that the post-2008 landscape produced for a resurgence of an emancipatory class antagonism at a global level seems today even further away than it did before the crisis. The only thing that even appears to express a certain threat to the continuation of “business as usual” carries a nationalist banner and glorifies ruthless state mechanisms. The uncertainty generated by the global economic slowdown has reshuffled the cards, but the apparent “loss of the sense of totality” by the ruling class did not result in a new grasp of the whole by those who have no material reasons to continue this disaster called capitalism. In any case, the question is not whether capital’s representatives have a strategy or not. There are reasons to think that they do and plenty of evidence that they do not. The issue is that the absence of a revolutionary social movement means that whatever outcome prevails will *by definition* be detrimental to emancipation. The abolition of the material conditions that lock us into a downward spiral is not going to happen by accident or by default.

Endnotes

Interestingly, this approach was echoed in some recent blurbs of celebrity lefty Slavoj Žižek. His positions, which alienated some of his followers and scandalized many of his critics, are in fact nothing but a consistent expression of the inconsistency of the Left today. Hiding behind the excuse of a ruthless criticism of contemporary political correctness and pretending to express a “radical truth,” Žižek’s view has ended up phenomenally indistinguishable from that of the right wing. The issue is not simply his over-generalization of the contradictory subjects of refugees/migrants, as many of his critics pointed out. More importantly, his remarkable fallacy consists in presenting the “West” as a homogenous (cultural or) social and historical category, into which “outsiders” cannot integrate. What makes this debate even more laughable is that by taking this position, Žižek made a full circle and rejoined many of his critics, who also divide the world according to the “West”/“non-West” binary. In both cases, the methodology is identical; what “differentiates” them is to which side of the binary one assigns a positive or a negative value. Interestingly, this approach was echoed in some recent blurbs of celebrity lefty Slavoj Žižek. His positions, which alienated some of his followers and scandalized many of his critics, are in fact nothing but a consistent expression of the inconsistency of the Left today. Hiding behind the excuse of a ruthless criticism of contemporary political correctness and pretending to express a “radical truth,” Žižek’s view has ended up phenomenally indistinguishable from that of the right wing. The issue is not simply his over-generalization of the contradictory subjects of refugees/migrants, as many of his critics pointed out. More importantly, his remarkable fallacy consists in presenting the “West” as a homogenous (cultural or) social and historical category, into which “outsiders” cannot integrate. What makes this debate even more laughable is that by taking this position, Žižek made a full circle and rejoined many of his critics, who also divide the world according to the “West”/“non-West” binary. In both cases, the methodology is identical; what “differentiates” them is to which side of the binary one assigns a positive or a negative value.

Paul Mattick, *Editor’s Note, Field Notes Special Section: After the Election, Brooklyn Rail*, December 2016. Isn’t this some form of a bitter victory of modern left/academic discourse and its obsession that identity is the key category that explains social relations? In a world where politics has come to be understood as the art of identifying and promoting *difference* and where any attempt to draw conclusions on the basis of material conditions is treated as promoting some version of *totality* (and therefore, of course, totalitarianism), critical analysis seems to have made an exit.

Around the same time as these developments, sociologists and journalists (followed shortly after by some eager leftists) began celebrating the end of work and the disappearance of manual labor.

“Between 1980 and 2005, the share of U.S. labor hours in service occupations grew by 30 percent after having been flat or declining in the three period decades.” (Carl Benedikt Frey and Michael A. Osborne, “The Future of Employment: How Susceptible Are Jobs to Computerization?,” *Oxford University Programme*

on the Impacts of Future Technology, September 2013. 12.)

The example of the U.S.-based Duraflame company is indicative. A company that owns half the market share of fire log production in the U.S. (36 million produced per year), but only employs 201 workers, has been often used as an example of the results of automation. It is however probably more accurate to interpret its position by pointing at the fact that the nature of its products renders its relocation too expensive (due to transportation costs), while producing fire logs hardly requires any skilled application of human labor power.

One possible reason for that could be that they are unable to define productivity, let alone to measure it when the labor process is impacted by factors such as varying costs of production parts and supply chains. Most studies are so much plagued by interpolation problems that accepting their findings presupposes a—usually ideological—leap of faith.

The above comments do not even address the “capital-bias” issue, i.e. the structural contradiction of profitability drops *due to* the substitution of human labor.

As *Insurgent Notes* pointed out, “Obama traveled to Pittsburgh at least twice to praise a supposed ‘technological boom’ going on there, without mentioning that it employs none of the thousands of former mill and mine workers who were forced to migrate for work, take on low-paying service industry jobs or go out on disability although they’re physically fine.” (Rico S., “Some Facts and Figures, and a Bit of Commentary to Go with It,” *Insurgent Notes*, November 2016.) On the other side, one cannot ignore how this approach is supplemented by leftist figures such as Paul Mason, who has dedicated his last book to extolling the benefits of automation for a post-capitalist society.

The treatment of manufacturing job losses as inevitable has its Nobel Prize advocates too. In a short (and quite badly written) paper, Paul Krugman claims that trade agreements (and the “China shock”) did not actually contribute significantly to job losses. In fact, he argues, “America’s shift away from manufacturing doesn’t have much to do with trade, and even less to do with trade policy.” (Paul Krugman, “Trade and Manufacturing Jobs (Wonkish),” *New York Times*, December 4, 2016.) A cynical commentator might wonder what exactly *does explain* job losses according to Krugman but that would probably be asking this naive spokesman too much.

The housing market is a good example. When real estate prices go up this is, for some reason, considered a sign of a economy growing, not a sign of inflation.

Troubled Asset Relief Program.

This is of course obvious to anyone involved. What is also becoming obvious is that paying back the debt is not the driving force of the austerity agenda.

Is there any other way to explain *Financial Times* headlines such as “Soaring Eurozone Inflation presents ECB with dilemma,” when describing an inflation of 1.1 percent?

Recent reports from former Goldman Sachs partner Gavyn Davies indicate that J.P. Morgan and Goldman Sachs have returned with positive forecasts about 2017. Part of the optimism seems to originate from Trump’s promises of tax cuts and infrastructural spending but what is noticeable in all these reports is the underlying admission that the main source of “enthusiasm” comes from the fact that a potential economic slump has been *avoided*. Moreover, a large segment of their “happy thoughts” derives from the increase in stock prices, which are artificially driven up by corporate buy-backs of their own shares or higher dividend payments. In any case, even the most “positive” growth rate for the economy is 3.1 percent, a figure consistent with the last 40 years of *slow growth*.

The national framework is not some imaginary institution superimposed by force, but is rather the material and ideological formation within which (and through which) capitalist social relations and class power are structured and regulated. In this sense, its necessary overcoming cannot be achieved merely by positing abstract internationalist principles. Nonetheless, it is an indication of the historical weakness of radical thought and praxis that it is unable to formulate such gestures.

Consider the following quote: “Stripped of distractions, it comes down to an elemental choice: whether to restore the full self-government of this nation, or to continue living under a higher supranational regime, ruled by a European Council that we do not elect in any meaningful sense, and that the [...] people can never remove, even when it persists in error.” The impossibility of establishing, by the quote alone, whether this was said by someone from the Left or the Right, is indicative of the situation. (Ambrose Evans-Pritchard, “Brexit vote is about the supremacy of Parliament and nothing else: Why I am voting to leave the EU,” *Telegraph*, June 13, 2016.)

The connection between the anti-globalization movement of the late 1990s and today’s populism is not as blurry as many assume. If one excludes the minority voices of those who sought to radicalize the content of the anti-globalist international meetings and produce a more generalized critique of capitalist social relations, a large part of the movement demanded precisely what today’s “populists” promise: a Keynesian-influenced, interventionist state (with Manu Chao as its prime minister, maybe) which would undermine the power of financial speculation and international banking. To their credit, the anti-globalizers never premised such a proposal on the systematic exclusion of migrants, but, as I shall argue in this text, the distance between a reconfiguration of the role of the state within the nation and the longing for a national community is almost negligible.

The trend towards criticizing the fundamental values (and heroes) of neoliberalism shows an upward trend. Recently, Bloomberg published an article called “Milton Friedman’s Cherished Theory Is Laid to Rest,” claiming that Friedman’s famous future income expectation hypothesis (a theory meant to dismiss the impact of government stimulus on aggregate demand) has been proven wrong. (Noah Smith, “Milton Friedman’s Cherished Theory Is Laid to Rest,” *Bloomberg View*, January 12, 2017.)

Furceri, Loungani, and Ostry, *Neoliberalism: Oversold?*, IMF Research Department, 2016..

Lakner and Milanovic, “Global Income Distribution: From the Fall of the Berlin Wall to the Great Recession,” *The World Bank Economic Review*, 2015.

Adam Corlett, "Examining an elephant: globalisation and the lower middle class of the rich world," *Resolution Foundation*, September 13, 2016.

The notion that inequality remains a key characteristic of capitalist social relations can only be a surprise to those who have somehow missed the last three centuries. It would probably be less hypocritical to admit that inequality has become a catchword of mainstream economic wisdom because our turbulent period has contributed to the re-emergence of Keynesian economists (who are primarily interested in *redistribution*), combined with persistent profitability decline.

One could add to this list LePen's National Front in France, the AfD in Germany, the Freedom Party of Austria, Beppe Grillo's Five Star Movement in Italy,

An illuminating example of this came out during a recent conflict between India and Pakistan. A Pakistani actor, who lives in the U.K., made a number of derogatory remarks about Indians on Twitter. Immediately, the liberal establishment, his employers, and social media activists jumped in, shouting "racism." It clearly did not occur to them that India and Pakistan are not separated by "race," something that even right-wing idiots know full well. In reality, the actor's expressions were nothing but pure old nationalism.

Let alone when one reads, for example, that official representatives of the Indian community in the U.K. openly supported Brexit and its anti-immigration standpoint, in the hope that E.U. migrant labor would be replaced by Indian labor. See Jim Pickard and Kiran Stacey, "UK Curry houses angry over visa betrayal," *Financial Times*, November 3, 2016.

While the exact percentage is still being debated, but it is clear that Trump seems to have outperformed both Romney and McCain among Latino, African-American, and Asian-American voters.

See for example: Olenka Hamilton, "Meet the British Poles who backed Brexit," *Spectator*, March 14, 2016.

See Tony Norfield, "Brexit: A New Crisis Acronym," *Brooklyn Rail*, April 2016.

Is it not, after all, an often-heard critical remark of the Left that "capital has no country"?

On January 17, Corbyn asserted that immigration has to be "reasonably managed." (Jim Pickard, "Jeremy Corbyn rows back on proposed cap on wages," *Financial Times*, January 10, 2017.

All in the name of "realism" and "outside pressure" of course. The point is not to examine under which excuse the inhuman treatment of migrants/refugees takes place, but whether it takes place or not. The notion that Syriza's government is somehow *forced* to implement a European policy even though it does not *want* to, makes no difference at all for those at its receiving end. And one could not fail to notice that the language (and tactics) used by Syriza officials against those who created solidarity structures for the migrants/refugees was *identical* to the language Syriza has always used against radical activists.

Goldman Sachs predicts that next year we could see buybacks taking the biggest share of corporate profits of the last 20 years. (See: Julie Verhage, "Goldman: How Corporations Will Spend Their Huge Piles of Overseas Cash," *Bloomberg*, November 21, 2016. <https://www.bloomberg.com/news/articles/2016-11-21/goldman-how-corporations-will-spend-their-huge-piles-of-oversea>)

Michael Roberts, "Abenomics: A Keynesian neoliberal," *Michael Roberts Blog*, June 11, 2013.

<https://thenextrecession.wordpress.com/2013/06/11/abenomics-a-keynesian-neoliberal/>.

Unless of course the plan is as long term as China's infrastructural spending, which has spent more than 11 trillion dollars in the last decade.

Trump's economic advisors seems to have been heavily influenced by a paper from Robert E. Scott from the Economic Policy Institute (2015) which argued that the policies that would "help [U.S.] manufacturing the most are those that would help close the nation's large trade deficit. Reducing this deficit would, in turn, provide a valuable macroeconomic boost to a US economy that is still operating far below potential."

(Robert E. Scott, "The Manufacturing Footprint and the Importance of U.S. Manufacturing Jobs," *Economic Policy Institute*, January 22, 2015. <http://www.epi.org/publication/the-manufacturing-footprint-and-the-importance-of-u-s-manufacturing-jobs/>.)

Manufacturing labor costs in the U.S. are approximately 36.49 dollars (per hour, as of 2013), while the equivalent costs in China are four dollars and twelve cents. See Michael Roberts, "A Trump boom?" *Michael Roberts Blog*, November 22, 2016. <https://thenextrecession.wordpress.com/2016/11/22/a-trump-boom/>.

Last time the U.S. tried to (seriously) impose tariffs in order to protect American jobs was in 1930 when Hoover thought it was a good idea to vote for his Tariff Act. The result was a 61 percent drop in exports and a 60 percent drop in imports. Global trade (clearly not as developed and interconnected as today) contracted by 33 percent.

No one knows what will actually happen but if he does follow through with this recent turn he might end up, with devastating irony, deporting even fewer people than Obama did. For if we trust the data of the U.S. Departments of Homeland Security, Customs and Border Protection, Office of Border Patrol, Immigration and Customs Enforcement etc., for the approximately 2.5 million Mexicans that were deported between 2009 – 15, only around 10 percent had criminal records.

For more details on this see the excellent "Brexit means... what? Hapless ideology and practical consequences," *Aufheben* (24, 2017).

CONTRIBUTOR

Pavlos Roufos

PAVLOS ROUFOS lives in Berlin and is doing research on the global crisis, with a focus on the Eurozone. His book *A Happy Future is a Thing of the Past: on the Crisis, Greece and other Disasters* will be published by Reaktion Books/Brooklyn Rail in early 2018. He occasionally writes articles on Greece for *Jungle World*, a Berlin weekly newspaper. His articles on Greece appeared in the February, March and July 2015 issues of *Field Notes* under the name of Cognord.

Get the *Rail* delivered to your doorstep.
Start Your Subscription Today!