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Capitalism's Political Servants: Trump and Johnson



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For the last half-century, US and UK capitalisms led the way in undoing the parallel legacies of the New Deal and Europe's social democracies. From its ascending Thatcher-Reagan couple to its descending Trump-Johnson imitation, neoliberal capitalism replaced Keynesian capitalism. Private corporate capitalists funded effective campaigns to celebrate neo-liberalism. The US and UK institutionalized it by de-regulating and privatizing further and faster than anywhere else

Over the same period, private capitalists attacked the working class on three fronts. Neo-liberalism provided ideological cover in that attack. Its ideologues insisted that their goals – deregulation and privatization – would bring prosperity and growth to all, a win-win program for everyone. Neoliberalism swept up many Keynesians and social democrats.

They had wavered especially after the 1960s when they could no longer preserve, let alone advance, working-class gains won in the post-1929 depression. Resigned to neoliberalism, many leaders of center-left, labor and socialist parties redefined themselves as merely advocates for its less harsh forms.

The first front in capitalism's attack was outsourcing production and jobs. At first, manufacturing moved from capitalism's old centers (western Europe, US, Japan) to China, India, and other low-wage areas. Large profits gained by early outsourcers forced much competitive outsourcing later. Many service industries followed. Neo-liberals hailed "globalization." To them it showed efficiency and prosperity delivered by deregulation and privatization.

Less movable employers (construction, retail trade, fast-food, etc.) raised profits by opening a second front against the working class. They chose increasingly to hire low wage immigrants desperate to escape from economic, political and military crises in their home countries. The undocumented were especially attractive: they lacked legal recourse for unpaid wages, illegal job conditions, etc. Their labor was unprotected.

The third front in the employers' attack was more important than outsourcing or immigration. In a new automation wave, computers, robots, and artificial intelligence boosted profits by displacing workers. Automation enabled employers to cut wage bills relative to revenues from sales. Ideologues then attributed rising profits to neo-liberal capitalism's win-win globalization.

Neo-liberal ideology did not last long. Widening gaps between winners and losers from globalization strengthened ideological critiques of win-win claims. Corporations, stock markets, venture capitalists, and the few they enriched (capital gains, dividends, merger fees, etc.) were clear winners. Top executives scored huge pay packages. Top "professional advisors" enjoyed big salaries and bonuses. Losers, on the other hand, were almost everyone else, a vast majority. Workers suffered stagnant wages and deteriorating jobs. Large industrial cities (Detroit, Cleveland, etc.) atrophied alongside small "rust belt" cities and much of rural America.

Average real wages stagnated since the 1970s. Chasing the "American Dream" drove millions to incur mounting personal debts (mortgage, auto loans, credit cards and then student loans). That added credit anxieties to their accumulating anguish over flat real wages, eroding benefits, and ever less job security. Capital's three-pronged attack hurt.

Exporting jobs, importing low-wage immigrants, and automation combined to generate that great-for-capitalism mix of rising productivity and stagnant wages. Starting in the 1980s, profits soared and lifted stock markets. Those profits provided much of the money they loaned to a working class borrowing to offset stagnant wages. Rising personal debts proved a fragile economic foundation although they helped obscure the fast-growing rich-poor gap.

The 2008 crash rendered painfully visible what had been obscured. It broke the promises from politicians, academics and the media that lessons learned and reforms installed guaranteed that 1929-type crashes would never recur. The 2008 crash also exposed harsh social realities. The US and UK had become sharply more unequal economically and politically. Both governments quickly endorsed very expensive bailouts for the same banks that had helped cause the crash. Both governments paid for bailouts with decreasingly progressive tax revenues and still more borrowing. And both then pointed to rising government debt to justify austerity for everyone else. The only difference: Labor and the Democrats advocated a less harsh austerity than Conservatives and the Republicans.

Once exposed as performing so much better for the employer class than for the employee class, capitalism runs big risks. Systemic questions and criticisms arise, challenge the status quo, and strengthen social movements for systemic change. That happened during past capitalist crashes and certainly after 1929. Capitalism needs system-preserving political and ideological programs to “get through” crashes even more than it needs them between crashes.

Since 2008 nationalism once again played a key role in capitalism’s self-preservation. It had done so earlier in, for example, Mussolini’s and Hitler’s promises to make Italy and Germany “great again” against enemies – mostly foreign but also domestic (those not “genuinely” Italian or Aryan). Nationalist (in the sense of anti-foreign) ideology covered the state-managed (i.e., fascist) reinforcement or reconstruction of the employer-employee relationship that defines capitalism and that had been sharply challenged in and by the 1930s depression. Trump’s “Make America great again” plays to many Americans’ sense of loss before and after 2008. He attacks immigrants and “cheating” foreign trade partners as if they caused Americans’ felt losses. In the UK, Johnson’s Brexit program excoriates “Europeans,” as if they caused the UK’s deep economic and

political inequalities. Bashing and limiting foreigners including immigrants are main themes of capitalism's current political servants.

Those servants protect capitalism from its own crashes and from its highly unequal and very unpopular policy responses. They often choose nationalism because it serves them well. There is nothing new in that.

The left needs to respond in three key ways. First, it should stress how world war and holocaust resulted the last time post-crash capitalism used nationalism for scapegoating. Second, it should expose scapegoat politics as aimed to deflect working class anger from a crash-prone capitalism. Immigration, trade, tariff policies, or European integration define capitalism's preferred terrain of debate, not a critical left's. The left's core response to capitalist nationalism should be this: capitalism is the problem and transition to a new, different, and fundamentally democratic system is the answer.

That answer focuses on the democratization of enterprises. Reforms of capitalism (welfare systems, New Deals, social democracies, etc.), however valuable and hard fought, are never secure while production is organized capitalistically. A small minority then owns and operates enterprises (public and/or private), reaps the profits, and rules each enterprise's majority, its employees. It then uses those profits and that power to undo whatever reforms the working class has won.

The de-facto monarchy/oligarchy inside capitalist enterprises contradicts democracy today as utterly as monarchy and oligarchy outside enterprises did historically. Because reforms of kingdoms rarely endured, modern society eventually abolished monarchies. Reforms of capitalist enterprises likewise rarely endure. What we need are worker coops to democratize enterprises by displacing their capitalists.

Capitalism's political servants, past and present, reformists and neoliberals, private boards of directors and public state managers, reproduce that system. After the 2008 crash, bailouts, austerity, and widening inequality, capitalism and its political servants are now especially vulnerable. System change is this historical moment's opportunity. It should be our political project.

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