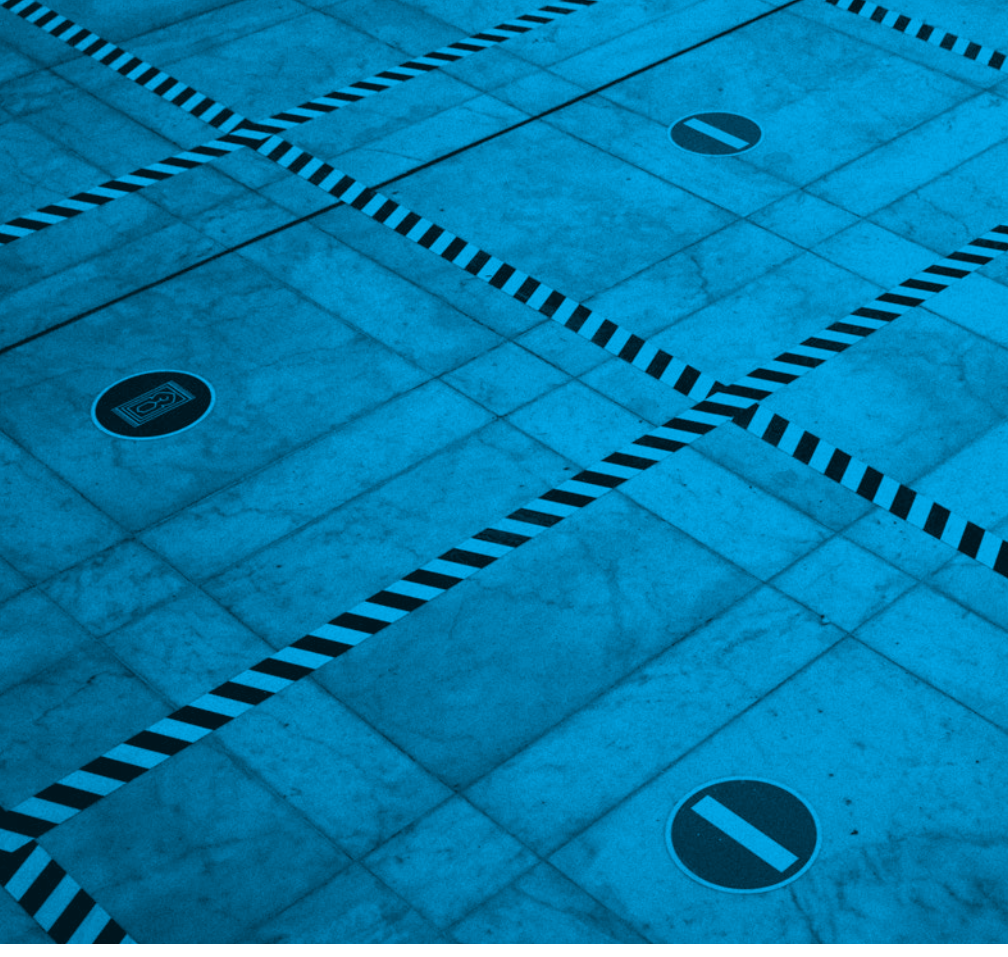

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CONTENTS

Catalyst

VOL 4
NO 3

Gilbert Achcar is a professor of development studies at the School of Oriental and African Studies, University of London, and author of *Morbid Symptoms: Relapse in the Arab Uprising*.

Deepankar Basu teaches economics at the University of Massachusetts Amherst.

Grace Blakeley is a staff writer at *Tribune* magazine and author of *The Corona Crash: How the Pandemic Will Change Capitalism* and *Stolen: How to Save the World from Financialisation*.

Vivek Chibber is a professor of sociology at New York University and the editor of *Catalyst*.

Jeff Goodwin is a professor of sociology at New York University. He is completing an edited volume on the political economy of social movements.

René Rojas teaches sociology at Binghamton University and is a member of the *Catalyst* editorial board.

Preston H. Smith II is a professor of politics at Mount Holyoke College. Author of *Racial Democracy and the Black Metropolis: Housing Policy in Postwar Chicago*, his research interests include black politics, urban renewal, and housing policy.

This issue goes to press in the wake of the 2020 presidential elections. The outcome is significant in many respects. The most important, of course, is the very fact of Donald Trump's defeat — a welcome event and also a portentous one for the revitalized US left.

Joe Biden's ascension opens up a far more hospitable terrain for progressive forces to gain strength, especially the socialist wing. But his victory comes with several caveats that need to be appreciated. The first is that even while Biden won, it was by a surprisingly thin margin. Not, of course, if we go by the national total — on that score, he eclipsed Trump's tally by more than 6 million votes. But the fact — however odious — is that it is the Electoral College that matters, and on that score, Trump's performance was stronger than any of the respected polling agencies had predicted.

During a pandemic, in the depths of a wrenching economic recession, a corrupt, tax-avoiding, and openly racist president came surprisingly close to retaining his office. Further, he managed to increase his vote share among the very groups that were expected to bolster Biden's predicted victory: blacks, Latinos, and women. Biden, for his part, did better than Hillary Clinton had with the white working-class vote, but it was the suburbs that lifted him to victory. Even more, the expected gains in the legislature turned into defeats. Whereas Democrats had expected to build on their majority in the House, they ended up losing seats; and rather than gaining a majority in the Senate, they appear set to remain a minority. So, instead of riding into office with a sweeping mandate

bolstered by majorities in both chambers, Biden limps to victory with a divided legislature and a party on its heels.

These developments need careful analysis, and the next issue of *Catalyst* will be devoted entirely to the current conjuncture in US politics. We will look at the election results in some depth and examine their significance for the Left. We will have detailed analyses of the economic situation, as well as the implications of Biden's victory for American foreign policy, the labor movement, the environmental movement, immigration, and the Democratic Party. It is impossible to predict in detail what lies in store over the next four years. But we must, at the very least, take stock of what we have inherited from the Trump years, and gauge the strengths and weakness of the emerging Left as it confronts the challenges before it.

As we await the transfer of power to Biden, this issue of *Catalyst* looks outward, mainly to the Global South. One of the most crippling developments of the neoliberal era was the rise of a kind of cultural essentialism in the study of the colonial world. The mainstream area studies had always traded in a highly exoticized and reified view of colonial peoples. But by the 1990s, a variant of this approach had also become dominant among the self-styled Left, under the banner of postcolonial theory.

In the opening essay, I examine perhaps the most influential text in postcolonial studies: Edward Said's classic book, *Orientalism*. In my essay, I show that while Said's deeply researched work rightly located Orientalist dogma as legitimizing ideology in the service of Western imperialism, his argument rested on the very essentialism he claimed to be criticizing. His legacy was correspondingly mixed: a highly effective rhetorical condemnation of imperial power, but an analytical framework incapable of analyzing it or overturning it. As I note, these flaws were exposed and criticized by intellectuals in the Global South very soon after

Orientalism was published, but they were either ignored or roundly attacked by the academic establishment.

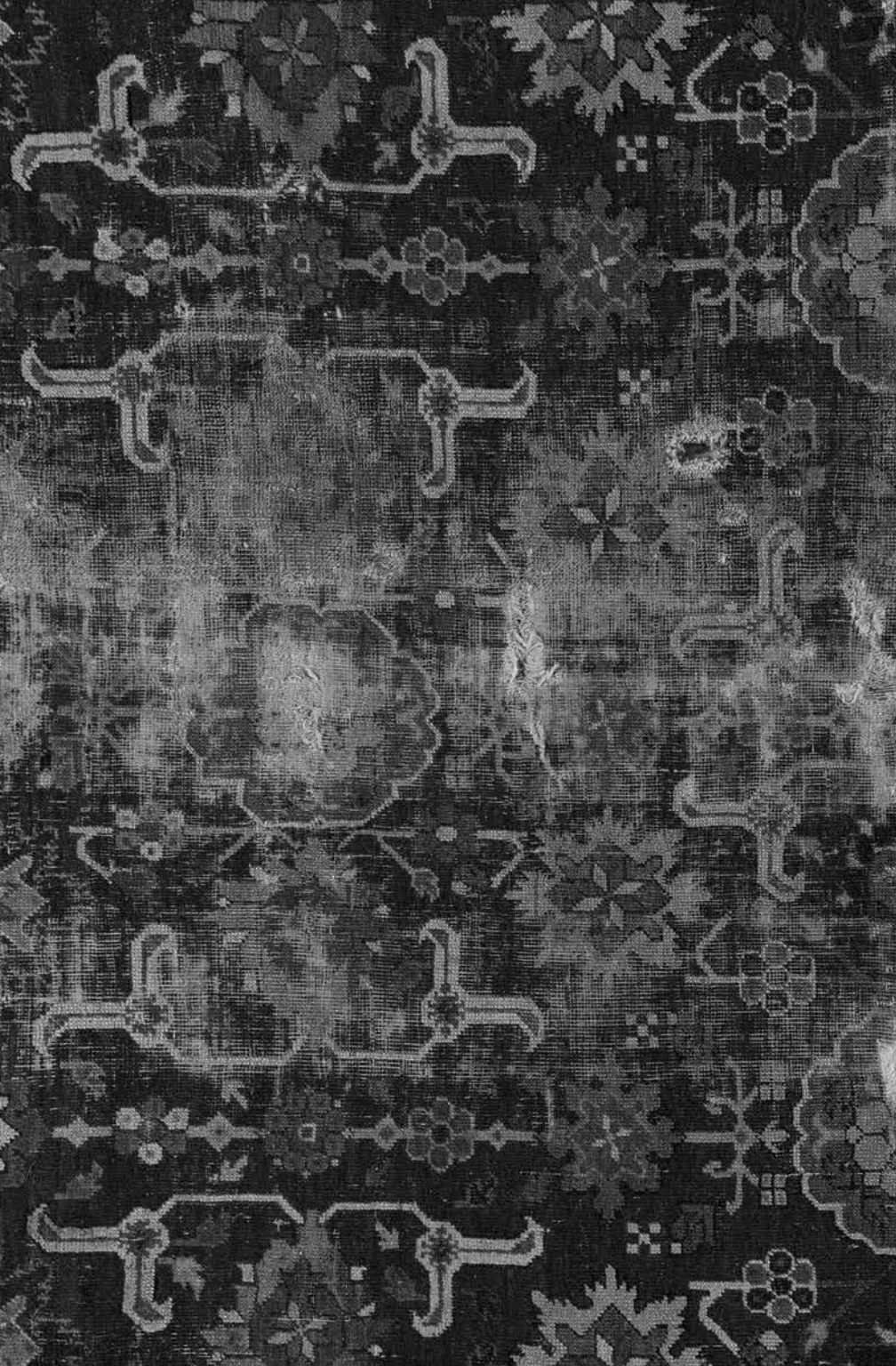
One of the lasting legacies of postcolonial theory has been a flight away from political economy and class analysis. The next three essays in the issue deploy just such a framework, as a kind of demonstration of its indispensability. Jeff Goodwin interviews Gilbert Achcar on the dynamics behind, and the legacy of, the Arab Spring. In the decade since the uprisings swept across the Middle East, the optimism of its early months has largely been dashed by the combined force of American machinations and the successful regrouping of domestic ruling classes, which Achcar brilliantly analyzes.

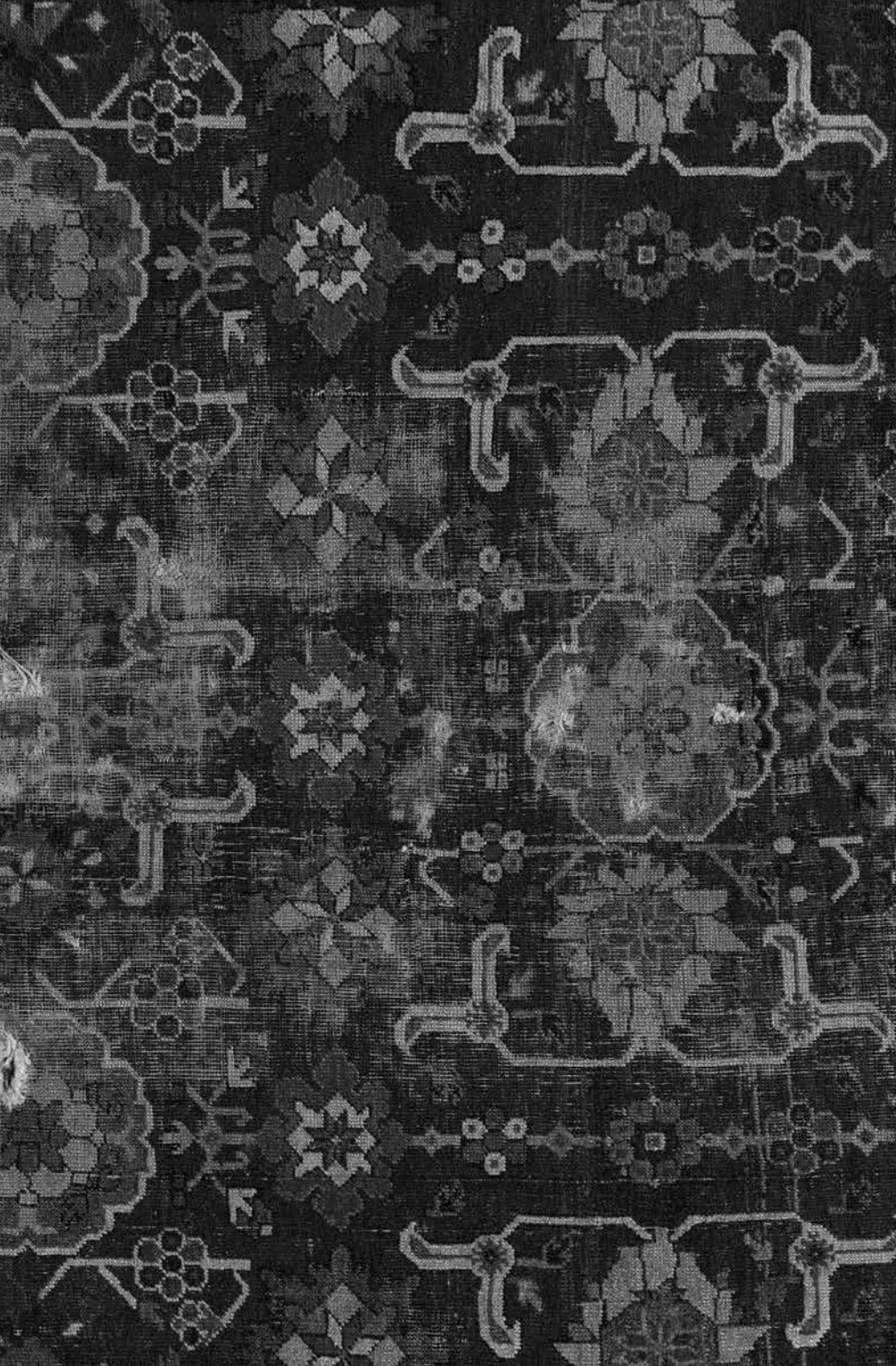
Deepankar Basu looks further east to the Indian behemoth, examining both the sources of growth and the abiding constraints on the Indian growth model. As Basu shows, the initial acceleration in growth after the dismantling of the License Raj in the 1990s seems to have run up against enduring class constraints: a stagnant agrarian sector, a small middle class, and a seemingly infinite pool of informal labor. And René Rojas reports on the spectacular citizens revolt in Chile against the neoliberal constitution established after Augusto Pinochet's dictatorship.

Back in the capitalist core, the turn away from class politics is expressed most directly in the race reductionism so common within academia and the professional classes. Reviewing Touré F. Reed's important critique of this trend, *Toward Freedom: The Case Against Race Reductionism*, Preston H. Smith II calls for a return to the universalist commitments that were once a staple of the anti-racist Left, but that are now openly pilloried — ironically, in the name of racial justice. This is the domestic counterpart to the exoticization of race in the Orientalist tradition.

If we are ever going to address the needs of working-class minorities in the West, it will only be through a recovery of the

socialist tradition. In the United Sates, that battle has barely begun. In Britain, it seemed for a brief spell that the Labour Party might steer a course to some kind of socialism under Jeremy Corbyn's leadership. But Corbyn's defeat is even more complete and abject than Bernie Sanders's in the United States. Keir Starmer has unleashed a wide-ranging attack on the Labour left, clearing the way for a return to the disastrous Blairism of the recent past. Grace Blakeley offers an analysis of the Corbyn moment, its rise and its legacy, via an engagement with Leo Panitch and Colin Leys's indispensable book on the Labour Party since the 1970s, *Searching for Socialism: The Project of the Labour New Left from Benn to Corbyn*. As Blakeley notes, Corbyn's defeat is a huge setback for the Left, but the forces it gathered and the interests it expressed are still very much alive. They can be harnessed toward a better future if socialists are up to the challenge.





ABSTRACT

Edward Said's *Orientalism* is one of the most influential books of the past fifty years. In a very brief span, it put a reckoning with colonialism's legacy at the very heart of historical scholarship. In doing so, it instilled an anti-imperial sensibility into an entire generation of Western scholars. But even while it castigated the imperial project, the book gravely weakened the intellectual resources for analyzing it and, even more, for overturning it. This essay examines the antinomies of *Orientalism*, and the context that allowed for its infirmities to be overlooked and even welcomed.

Orientalism and Its Afterlives

Vivek Chibber

Few works have had a greater influence on the current Left than Edward Said's *Orientalism*. In the first instance, it has become the lodestone for critical scholarship around the colonial experience and imperialism. But, more expansively, in its status as a founding text of postcolonial studies, its imprint can be discerned across the moral sciences — in race studies, history, cultural theory, and even political economy. Indeed, it is hard to think of many books that have had a greater influence on critical scholarship over the past half century. There are some respects in which Said's placement of colonialism at the center of the modern era has had a salutary effect, not just on scholarship, but also on politics. Even as the Left went into retreat in the neoliberal era, even as working-class

parties either shrank in influence or were absorbed into the mainstream, the centrality of anti-imperialism surprisingly remained close to the center of Left discourse — an achievement in no small part attributable to Said's great book. And even as class politics is reemerging after its long hiatus, it is impossible to imagine a future in which the Left in the core countries will ever repeat its sometimes baleful disregard for imperial aggression, and for the aspirations of laboring classes in the Global South. In this recalibration of the Left's moral compass, Said's *Orientalism* continues to play an important role.

Precisely because of its classic status, and its continuing influence, *Orientalism* deserves a careful reexamination. Its importance as a moral anchor for the anti-imperialist Left has to be balanced against some of the other, less auspicious aspects of its legacy. In particular, alongside its excoriation of Western colonialism and its deep investigation of colonialism's ideological carapace, the book undeniably took several steps backward in the *analysis* of colonial expansion. It was this very weakness that proved to be so attractive to the emerging field of postcolonial studies in the 1980s, and that enabled its proponents to don the mantle of anti-imperial critique even as they were engaging in the very essentialism and exoticization of the East that was emblematic of colonial ideology. It is no small irony that Said, a deeply committed humanist, secularist, and cosmopolitan, is now associated with an intellectual trend that traduces those very values. This apparent paradox, I will argue, is, in fact, not so mysterious. It reflects real weaknesses in *Orientalism*'s basic arguments — weaknesses that were exposed very early by critics from the South, but that were brushed aside by the New Left in its flight from materialism. As the Left gathers its intellectual resources once again and takes up the challenge of confronting imperial power, an engagement with *Orientalism* has to be high on its agenda.

ORIENTALISM AS CAUSE AND EFFECT

There are two arguments in *Orientalism* about the relation between Western imperialism and its accompanying discourse. The first, and the one that has emerged as a kind of folk conception of the phenomenon, describes Orientalism as a *rationalization* for colonial rule. Said dates this Orientalism to the eighteenth century, with the rise of what is now called the Second British Empire, and continuing into the Cold War, when the United States displaced Britain as the global hegemon.[1] It was during these centuries that Orientalism flourished as a body of knowledge that not only described and systematized how the East was understood, but did so in a fashion that justified its domination by the West. Hence, if nationalists demanded the right to self-governance by Asians, or criticized the racism of colonial regimes, defenders schooled in Orientalism could retort:

> that Orientals have never understood the meaning of self-government the way "we" do. When some Orientals oppose racial discrimination while others practice it, you say "they're all Orientals at bottom" and class interest, political circumstances, economic factors are totally irrelevant. … History, politics, and economics do not matter. Islam is Islam, the Orient is the Orient, and please take all your ideas about a left and a right wing, revolutions, and change back to Disneyland.[2]

In other words, the normal grounds of political judgment did not apply to colonial settings because, in relying on them, colonial critics presumed that Eastern peoples were motivated by the same needs and goals as those of the West. But this, Orientalism advised, was a fallacy. Asians did not think in terms of self-determination,

1 Edward W. Said, *Orientalism* (New York: Vintage, 2003), 3, 4, 41, 42, 95, 201.

2 Said, *Orientalism*, 107.

or class, or their economic interests. To object to colonialism on the grounds that it rode roughshod over these needs, or, more ambitiously, to generate a system of rights based on the presumptive universality of those needs, was to ignore the distinctiveness of Eastern culture. It was based on a categorical mistake, and indeed, it could even be criticized as an insensitivity to their cultural specificity. In so conceptualizing the colonial subject as the quintessential Other, Orientalism absolved imperialism of any wrongdoing, and thereby stripped demands for self-determination of any moral authority. Said's argument here is a fairly traditional, materialist explanation for how and why Orientalist ideology came to occupy such a prominent place in European culture in the modern period. Just as any system of domination creates an ideological discourse to justify and naturalize its superordinate position, so, too, colonialism created a legitimizing discourse of its own. The key here is that the causal arrow runs *from* imperial domination *to* the discourse it created — simply put, colonialism created Orientalism.

This is undoubtedly the argument for which *Orientalism* is best known. But it is also the component of Said's argument that is the most conventional and familiar. Said was not, by any means, the first anti-imperialist to describe modern Orientalism as being tied to the colonial project. Or, to put it more broadly, he was not the first to show that much of the social scientific and cultural scholarship produced by colonial powers was, in fact, geared toward justifying their rule over Eastern nations. As Said himself noted, albeit somewhat belatedly, his book was preceded by scores of works that made the same argument, from scholars belonging to the postcolonial world.[3] Many, if not most, belonged to the Marxist

3 Edward W. Said, "Orientalism Reconsidered," *Cultural Critique* 1 (Autumn 1985): 93.

tradition in some degree of proximity. What set Said's great book apart, then, was not the argument he made, but the erudition and literary quality he brought to it. For even while others had made claims that were identical to his, no one had made them with the same panache and, hence, to the same effect.

But Said also makes another argument, running through the entirety of his great work, that reverses this causal arrow, and that takes the argument in an entirely novel direction. In this version, Orientalism was not a consequence of colonialism but one of its *causes* — "To say simply that Orientalism was a rationalization of colonial rule," Said avers, "is to ignore the extent to which colonial rule was justified *in advance* by Orientalism, rather than *after* the fact."[4] In other words, Orientalism was around far before the modern era, and by virtue of its depiction of the East, it created the cultural conditions for the West to embark on its colonial project. That depiction had, at its core, the urge to categorize, schematize, and exoticize the East, viewing it as mysterious and fixed, in contrast to the familiar and dynamic West. Hence, the West was ordained the center of moral and scientific progress, and the exotic and unchanging East was an object to be studied and apprehended, but always alien, always distant.

Said traces this tendency back to the Classical world, continuing through the medieval period, and culminating in the great works of the Renaissance and after.[5] This implies that Orientalism is not so much a product of circumstances specific to a historical conjuncture, but rather something embedded deeply in Western culture itself. To push this argument, Said makes a distinction between *latent* and *manifest* Orientalism.[6] The latent components

4 Said, *Orientalism*, 39; emphasis added.

5 Said, *Orientalism*, 56–60.

6 The distinction is introduced in *Orientalism* on p. 206. The discussion of the

are its essential core, its basic moral and conceptual architecture, which have been in place since Homer, and which define it as a discourse. Its manifest elements are what give Orientalism its form in any particular era, and hence are the components that undergo change in the course of history. Manifest Orientalism organizes the basic, underlying bits comprising latent Orientalism into a coherent doctrine, and its most coherent incarnation is, of course, the one synthesized in the modern era.

This distinction enables Said to accommodate the obvious fact that, as a discourse, Orientalism has not remained unchanged across space and time. He readily admits that Western conceptions of the East have undergone innumerable transformations in form and content over the centuries. Still, "Whatever change occurs in knowledge of the Orient is found almost exclusively in *manifest* Orientalism." In other words, the changes have only been in the way Orientalism's essential principles are expressed, their essence remaining more or less the same across the centuries. Said continues, "the unanimity, stability, and durability of *latent* Orientalism are more or less constant [over time]."[7]

It is not just that latent Orientalism imbricates itself into the pores of Western culture. It is also that, once embedded so securely, it goes beyond simple bias to becoming a *practical orientation* — an urge to bring reality in line with its conception of how the world ought to be. To Said, this practical stance has been a defining characteristic of the Orientalist mindset, from antiquity to the modern era, in spite of all the changes that it experienced across time. This has enormous consequences for the fate of East-West relations. Said poses the following question: once the world is

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relation between the two and their functions comprises Chapter 3, Part 1, pp. 201–25.

7 Said, *Orientalism*, 206; emphasis added.

carved up analytically the way Orientalism enjoins us to, "Can one … survive the consequences humanly? [Is there] any way of avoiding the hostility expressed by the division, say, of men into 'us' (Westerners) and 'they' (Orientals)"?[8] The question is rhetorical, of course, because for Said, the answer is obviously in the negative. The hostility bred by latent Orientalism is passed on from one generation to another as a pillar of Western culture, always viewing the East as inferior. And, as it becomes internalized and fixed as a cultural orientation, the urge to *improve* the natives, to help them clamber up the civilizational hierarchy, becomes irresistible. It slowly generates a momentum toward a transition from gaining *knowledge* about the Orient to the more ambitious project of acquiring *power* over it. Said's own description of this process is worth quoting:

> Transmitted from one generation to another, it [latent Orientalism] *was a part of the culture,* as much a language about a part of reality *as geometry or physics*. Orientalism staked its existence, not upon its openness, its receptivity to the Orient, but rather on its internal, repetitious consistency about its constitutive *will-to-power* over the Orient.[9]

Latent Orientalism came packaged as a "will to power" — this was the practical orientation it embodied. Hence, the obsessive accumulation of *facts*, Said suggests, "made Orientalism fatally tend towards the systematic *accumulation of human beings* and *territories*."[10]

Notice that this version of his argument just about completely inverts the first, materialist one — instead of a system

8 Said, *Orientalism*, 45.

9 Said, *Orientalism*, 222; emphasis added.

10 Said, *Orientalism*, 123; emphasis added.

of domination creating its justifying ideology, it is the latter that generates the former: an ideology now creates the power relations it justifies. One is not sure how far Said wishes to press this point — whether he takes Orientalism to be merely an enabling condition for colonialism's rise, as against a stronger, more propulsive role. I will consider the merits of both interpretations later in this essay. But it seems clear that, on this second argument, Said views Orientalism as in some way responsible for the rise of European colonialism, not just as its consequence.

Now, *this* argument, unlike the first, does add considerable novelty to the critique of Orientalism. As Fred Halliday observed in a discussion of the book, critiques of Orientalist constructions had typically been materialist in their approach and grounded in political economy; Said's originality derived in his formulation of an argument that gave a nod to this older approach, but then veered decisively away from it, offering what was an unmistakably culturalist alternative. Hence, "while much of the other work was framed in broadly Marxist terms and was a universalist critique, Said, eschewing materialist analysis, sought to apply literary critical methodology and to offer an analysis specific to something called 'the Orient.'"[11] It is to this innovation that we now turn.

TWO EARLY CRITICS

Said's second argument attracted some attention in the early years after *Orientalism* appeared, most pointedly in Sadik Jalal al-'Azm's biting critique in *Khamsin*, and then in Aijaz Ahmad's broadside in his book *In Theory*. As al-'Azm correctly observed, Said's second argument was not only in tension with, but also fatally undermined, his objective of criticizing Orientalist views

11 Fred Halliday, "'Orientalism' and Its Critics," *British Journal of Middle Eastern Studies* 20, no. 2 (1993): 148.

of modern history. For to say, as Said did, that Orientalism had been the defining element in the Western constructions of the East, without attributing it to any social or institutional matrix, strongly suggested that Orientalism was in some way part of the enduring cognitive apparatus of the West. It led inexorably to the conclusion, al-'Azm suggested, that "Orientalism is not really a thoroughly modern phenomenon … but is the natural product of an ancient and almost irresistible European bent of mind to misrepresent the realities of other cultures, peoples, and their languages, in favour of Occidental self-affirmation."[12] But if this is what Said was saying, then did it not resurrect the very Orientalism he disavowed? A defining characteristic of this worldview, after all, was the idea of an ontological chasm separating East and West, which the fields, categories, and theories emanating from the West could not traverse. The Western mind, in other words, was not capable of apprehending the true nature of Eastern culture. Said's implantation of Orientalist discourse as an unchanging component of Western culture seemed to reinforce this very idea — of the inscrutability of the Orient to Western eyes, from the Greeks to Henry Kissinger.

The same questions about Said's second argument were raised by Aijaz Ahmad in a landmark assessment of his broader oeuvre, published almost a decade after al-'Azm's review.[13] Ahmad speculated that Said's second rendering of the connection between Orientalism and colonialism was perhaps attributable to the influence of Michel Foucault, though for Ahmad, it was questionable whether Foucault would have supported the idea of a putative

12 Sadik Jalal al-'Azm, "*Orientalism* and Orientalism in Reverse," *Khamsin* 8 (1981): 5–26.

13 Aijaz Ahmad, "*Orientalism* and After: Ambivalence and Metropolitan Location in the Work of Edward Said" in *In Theory: Classes, Nations, Literatures* (London: Verso, 1992), 159–220.

continuity in Western discourse from Homer to Richard Nixon.[14] The critical problem for Ahmad, however, was not Said's fidelity to Foucault, but the theoretical and political consequences of locating Orientalism in the deep recesses of Western culture rather than among the consequences of colonialism. Ahmad raised two issues in particular.

First, Said seemed to take the Orientalist mindset to be so pervasive in scope and so powerful in influence that the possibility of escaping its grip appeared exceedingly remote. Hence, even thinkers known to be fierce critics of British colonialism are blandly assimilated into the rogues' gallery of European Orientalists. The most prominent figure in this regard is Karl Marx, who Said relegates to this ignominious status with only the flimsiest of explanations. Ahmad's foregrounding of this issue was surely justified, given the leading role that Marx and his followers had played not only in criticizing the racism of colonial apologists, but also in anti-colonial movements — from Ireland to India, and from Tanzania to Said's own homeland of Palestine. Ahmad pointed out, again correctly, that the very passages Said singled out as instances of cultural parochialism could easily be read in a very different vein, as describing not the superiority of Western culture but the brutality of colonial rule. In any case, regardless of one's judgment about Marx, what was at issue here was whether Said could justifiably claim that Orientalism not only stretched back to Classical Greece but exercised such power as to absorb even its critics.

Further, Ahmad pointed to a second, equally important implication of the analysis. Said's argument, as well as his vocabulary, pushed strongly to displace the traditional interest-based explanations for colonialism, and toward one relying on civilizational

14 Ahmad, "*Orientalism* and After," 165–7.

clashes. Conventional accounts of colonial expansion had typically adverted to the role of interest groups, classes, and state managers as its animating force. For Marxists, it had been capitalists; for nationalists, it had been "British interests"; for liberals, it was overly ambitious political leaders. What all these explanations had in common was the central role that they accorded to material interests as the motivating factor in colonial rule. But if, in fact, Orientalism as a body of thought propels its believers toward the accumulation of territories, then it is not interests that drive the project, but a deeply rooted cultural disposition — a discourse, to put it in contemporary jargon. As Ahmad concludes:

> This idea of constituting Identity through Difference points, again, not to the realm of political economy … wherein colonization may be seen as a process of capitalist accumulation but to a necessity which arises within discourse and has always been there at the origin of discourse, so that not only is the modern Orientalist presumably already there in Dante and Euripedes but modern imperialism itself appears to be an *effect* that arises, as if naturally, from the necessary practices of discourse.[15]

Ahmad is registering his agreement with al-'Azm's judgment that Said has reversed the causal arrow that normally went *from* colonialism *to* Orientalism. Naturally, this means that the study of this phenomenon moves from the ambit of political economy to cultural history. But it is not just that colonial expansion appears to be an artifact of discourse. The dispositions it comprises are placed by him not in a particular region or historical era, but in an undifferentiated entity called "the West," stretching back two millennia. This is, of course, a classically Orientalist assertion on

15 Ahmad, "*Orientalism* and After," 182. Emphasis added.

Said's part, but its implications for the study of colonialism are profound. For colonialism now appears not as the consequence of developments particular to a certain era, but as an expression of a deeper ontological divide between East and West, a symptom of the cultural orientation of Europe's inhabitants. We have gone from the culprit being British capitalists to its being "the West" — from classes to cultures.

Said never addressed either al-'Azm or Ahmad's criticisms — a shame, because they remain among the most important and devastating engagements with his work to date.[16] In a private exchange with al-'Azm, he promised to reply at some length, and indeed to dismantle al-'Azm's entire examination point by point.[17] But he never delivered on that promise, nor did he respond in print to Ahmad's critique. In the rest of this essay, I purpose to build upon those early interventions to push further in the same direction. Ahmad and al-'Azm were justified in their observation that Said's argument had turned the corner from materialist critique of ideology to idealist argument. But while their accusation was correct, their justification of it was not fully developed — perhaps because they took the weakness of idealist Said's argument for granted. In today's context, however, it is important to further develop the line of argument they opened up, and to demonstrate why Said's view is wrong *by virtue* of its idealism.

The crux of what I wish to argue is that Said's second argument — that colonialism was a consequence of Orientalism, not its cause — was not only disturbing in its implications, but also

16 In correspondence, Said promised al-'Azm that he would respond, but to my knowledge, he never did. Ahmad's critique was met with silence by Said and aggressively ad hominem arguments by his followers.

17 Said warned al-'Azm, "I don't think you've ever tangled with a polemicist of my sort … I propose to teach you a lesson in how to argue and how to make points." Said to al-'Azm, November 10, 1980, accessed September 24, 2017, pastandfuturepresents.blogspot.co.uk/2016/12/edward-saidsadik-al-azm-1980.html.

that it could not possibly be right, on Said's own admission. In other words, what al-'Azm and Ahmad failed to observe was that *the second argument was contradicted by Said's own evidence*. Orientalism *could not* have generated modern colonialism, or even contributed to it in any significant way. Its roots, therefore, have to be sought in political economy, not in European culture — much as materialists had argued for decades.

CULTURE AND COLONIALISM

Said is correct in his observation that ethnocentric and essentializing depictions of the East were widespread among European observers from the earliest times. The question is what explanatory role such depictions are accorded in the rise of European colonialism. We have seen in the preceding section that Said clearly assigns considerable importance to them in this regard. Just what the causal chain is that connects them to it, and how important they are compared to other factors, is murky. But we can be confident that the role is important, since he never qualifies it, nor feels compelled to embed it in a wider discussion of how it combined with other forces that pushed Britain and France outward in the modern era. The problem with Said's view is that, in his own description of the content of Orientalism, and in his empirical discussion of its relation to other cultures' own discourses about the West, the argument for its importance as a factor in the advent of modern colonialism breaks down. And, by extension, the promotion of culture as a central explanatory factor in the latter process must also be demoted.

The central problem Said must contend with is that there was nothing unique in the West's highly parochial understanding of the Orient. The same essentialized and ethnocentric conceptions were typical of Eastern understandings of the West. Hence, the texts we have from Arab, Persian, and Indian descriptions of

European culture from precolonial times are no less parochial in their descriptions of Europe and its people, and no less prone to generalize across time and space. Indeed, it is hard to imagine any description of a culture that can escape the tendency to categorize, to generalize across cases, and to schematize in some way or form. The fact is that aspects of Western scholarship of the East that Said takes to be Orientalist are found in many instances of cross-cultural observation.

Said, of course, knows this and readily admits to it. Hence, he observes,

> One ought again to remember that all cultures impose corrections upon raw reality, changing it from free-floating objects into units of knowledge. The problem is not that conversion takes place. It is perfectly natural for the human mind to resist the assault on it of untreated strangeness; therefore cultures have always been inclined to impose complete transformations on other cultures, receiving these other cultures not as they are but as, for the benefit of the receiver, they ought to be.[18]

But this admission raises a fundamental problem for Said's insistence that Orientalism was in some way responsible for modern imperialism. For if the urge to categorize, essentialize, and generalize about other cultures — which Said insists is what Orientalism does — is common to *all* cultures, then how can it explain the rise of modern colonialism, which is a project specific to *particular* nations? In other words, if this mindset was common to many cultures, then it cannot have been what generated colonialism, since the latter was particular to a few nations in (mostly) Western Europe.

One way to save Said's second argument would be to weaken the claim for its causal role. As I suggested in the preceding section,

18 Said, *Orientalism*, 67.

because of Said's ambiguity regarding its status, there are a variety of ways that we could construe his claim. At the very least, we can distinguish between a strong version of it and a weak one:

- **Strong version**: Latent Orientalism was sufficient to launch colonialism. On this account, the motivational push coming from cultural essentialism was all that was needed to launch a colonial project. No other preconditions were necessary.

- **Weak version**: Latent Orientalism was necessary, but not sufficient to launch colonialism. In this account, the racism associated with latent Orientalism was an indispensable precondition for colonialism, but it needed other factors to also be present — perhaps political and economic ones. Nonetheless, the latter could not have been effective had the Orientalist mindset not been gestating.

The strong version proposes that once the Orientalist mindset was in place, it could, on its own, generate modern colonialism. In this view, no other contributing factor was needed to bring about the result. Hence it would predict that any country that viewed other cultures through this prism would embark on colonial expansion. Clearly, this view is contradicted by the observation that the number of countries with an "Orientalist" mindset (as described above) far exceeded the number that embarked on colonial expansion — so the strong version of this argument cannot be sustained.

A second strategy to save Said's second argument would be to resort to its weak version. The burden here would be to propose that even if latent Orientalism could not, by itself, generate colonialism, it was nonetheless an essential part of the combination of factors that did bring it about. Hence it was still necessary, even though it wasn't sufficient, and even though it had to act in tandem with

other factors.[19] Thus, it might be that economic interest or political ambitions were also critical in generating the British or French thrust into the Middle East. The search for oil, the desire to find new markets, the need to secure geopolitical advantage by capturing key ports — all these might have been critical motivating factors for the European powers. The weaker argument would be able to accommodate all these into an explanation for the rise of modern imperialism. It would not have to claim that racial prejudice alone was what drove the Europeans outward, but it could still insist that these other factors would not have been sufficient for the outcome on their own. Without the mindset created by the already existing latent Orientalism, the other factors might have remained inert, unable to muster the force needed to launch the project.

This would probably be the commonsensical defense of Said's argument, and it is certainly the most effective. But while it has a surface appeal, this version also fails for two reasons. The first has to do with the internal structure of the argument. Nobody doubts that factors like economic or political motivation had to play a role in colonialism's rise. In that sense, the place of the broader causal complex is secure. The question is, once the economic motivation is in place, will its proponents also require the psychological orientation generated by Orientalism to undertake the colonial project? It might seem that the answer is an obvious yes, because it could be claimed that a process as brutal and costly as colonialism could not be undertaken without some moral or ethical justification — not just for the wider public but for its practitioners. Moral agents could not engage in oppressive practices, they could not terrorize other human beings, unless they believed that the

19 It would be what John Mackie referred to as an INUS condition: a necessary but insufficient component of an unnecessary but sufficient causal complex. See Mackie, "Causes and Conditions," *American Philosophical Quarterly* 2, no. 4 (October 1965): 245–64.

endeavor served a higher purpose. And this is what Orientalism provided them, with its claims to civilize and educate the natives. The ethnic and racial domination implied by modern colonialism would thus be perceived by its progenitors as a moral undertaking, not just as the naked pursuit of power and profit. This is the sense in which Orientalism might be suggested to be necessary, albeit insufficient, as a causal factor in the expansion of European rule.

But what this argument would overlook is that it is not the rationalizing function of Orientalism that is in question, but the need for it to be *already present* in European culture at the *inception* of the imperial project. Thus, materialist arguments could easily allow that an economically motivated project is greatly facilitated by a discourse that rationalizes the project on moral grounds. But they would deny the stronger proposition that, had the discourse not been in place, the project would have stalled or failed to be launched. This is so because, once the economic interest is in place, there is an endogenously generated pressure to *create* a justifying discourse for the project, even where such a discourse does not already exist. Dominant agents are not impeded by the fact they do not have, ready at hand, a rationalizing ideology. Where it does not exist, they cobble one together. This is, after all, the main function of intellectuals — to serve ruling groups by crafting an ideology that justifies their dominance on moral grounds. Thus, the absence of such a discourse at the project's inception cannot be deemed an obstacle to its launch.

But this is exactly what is implied in Said's claim that *latent* imperialism was in some way responsible for the modern colonial project. For even the weak version of his second argument to succeed, it has to establish that, had British and French elites not had the intellectual resources of Orientalism already available to them, this absence would have been an obstacle to their colonial project. Without this claim, the second argument collapses into a

materialist one. If Said were to agree that, even if Orientalism had not been available as an academic discipline, even if latent Orientalism had been absent from the scene, its basic elements could have nonetheless been crafted ex nihilo in order to justify colonial rule — then he would be suggesting that *latent* Orientalism was not, in fact, a necessary part of the causal complex that brought about colonialism. If it is conceded that colonial elites were capable of generating their own rationalizing discourse, then latent Orientalism fails even as a necessary component of the forces behind colonialism. We are now back to the materialist argument that ruling classes *create* the ideology needed for their reproduction, and not the other way around.

Hence Said's second argument cannot be sustained, even in its weak form. Once it is admitted that essentializing descriptions of other cultures were common across East and West, and once we recognize that other motivations were enough to propel states outward, then it cannot be maintained that the mindset created by these descriptions was *in any way* responsible for the colonial project. What was, in fact, responsible was what Marxists and progressive nationalists had been suggesting for a century prior to the publication of *Orientalism*: the material interests and capacities of particular social formations in the West. It is to Said's credit that he acknowledges the fact of cross-cultural parochialism, but it's quite astonishing that he is unaware of how devastating the admission is to his argument. The admission injects a deep and unresolvable contradiction in one of his fundamental claims. Once this part of his book is rejected, as it should be, what remains standing is his first argument: that the basic function of Orientalism was to serve as the justification of colonial rule — as its consequence, not its cause.

LEGACY

Said never addressed the ambiguity in his book regarding the relationship between Orientalist discourse and the colonial project — in chief, the copresence of two diametrically opposed enunciations of that relationship. But, in many ways, that very ambiguity played a role in the easy assimilation of *Orientalism* into the broader shifts underway around the time of its publication. The early 1980s were when critical intellectuals ceased to be enamored of Marx and Marxist theory, turning to the warm embrace of post-structuralism and, soon thereafter, postcolonial theory. In this context, Said's incipient culturalism, his nod to the potentially primary role of ideas and discourse in the initiation of colonialism, folded seamlessly into the shifts that were occurring in the scholarly world. His explicit overtures to Foucault, and his adoption of some of the latter's conceptual vocabulary, packaged the book in a fashion that made it easily digestible, even familiar. Substantively, the culturalism of his second argument — which elicited censure from Marxists like al-'Azm and Ahmad — barely raised an eyebrow in the wider firmament, because this was the very direction in which critical theory was evolving. Indeed, the reaction from broader circles was directed not at Said but at Ahmad, whose important critique of Said was met with a campaign so vicious and personalized that it is jarring to revisit it even a quarter century later.[20]

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20 A sense of the tone taken by critics may be sampled in the symposium organized by *Public Culture* in fall 1993. The most personalized attacks, noteworthy for their combination of a patronizing tone with a near-complete absence of engagement with Ahmad's arguments, are probably by Neil Lazarus and Benita Parry. See Parry, "A Critique Mishandled," *Social Text* 35 (Summer 1993): 121–33; and Lazarus, "Postcolonialism and the Dilemma of Nationalism: Aijaz Ahmad's Critique of Third-Worldism," *Diaspora: A Journal of Transnational Studies* 2, no. 3 (Winter 1993): 373–400. For a rare instance of actual engagement, see Neil Larsen, "Determination: Postcolonialism, Poststructuralism and the Problem of Ideology," *Dispositio* 20, no. 47 (1995): 1–16.

The second aspect of Said's book that ensured its warm reception had to do with his treatment of Marx. Said did not just present his book as a scholarly work on colonial ideology, but as a representative of the *anti-colonial* tradition. It was packaged as a work of critical theory — deeply erudite, intensely scholarly, but never neutral. In this respect, it was intended to be part of the anti-colonial tradition associated with the global left in the twentieth century. But as Said well knew, that tradition had been led by, and associated with, Marxist and socialist theory since the late nineteenth century. Even mainstream nationalists drew on the theories and political ambitions of the Marxist left, from India and China to South Africa and Peru. The only political currents that were explicitly hostile to that tradition were those associated with conservative nationalists and religious groups. For a century prior to the publication of *Orientalism*, the progressive critique of colonialism had always orbited around, and drawn upon, Marxism.

Said's innovation was to be the most significant intellectual who claimed the mantle of radical anti-colonialism, *while also* denouncing Marx as a purveyor of alien and highly parochial values and analysis. This was significant in several respects. First and foremost, for the rapidly professionalizing New Left — now tenured and looking for acceptance in the American academy — it provided an ideal instrument to distance themselves from Marxist theory *while still* identifying as radicals. It was now possible to reinvent colonial critique so that it defended the idea of self-determination while eschewing any association with socialist or Marxist ideas. Indeed, the preferred motif now became criticizing the Marxist legacy as *not radical enough* — hence outflanking it rhetorically from the left.

These strategies were neatly exemplified in an influential series of essays on Marxism and colonial critique by the Indian historian Gyan Prakash. Writing in the early 1990s, when Said's influence

was well established, Prakash upheld the banner of anti-colonialism, calling for a root and branch excision of Orientalism from colonial historiography — in which one of the main targets turned out to be Marx and his followers.[21] What was significant here was not just the novelty of turning Marx into a proponent of the "colonial gaze" (to use a bit of postcolonial jargon) but, equally, for Prakash to draw explicitly on Said, on *Orientalism*, and to drape his argument in that book's conceptual vocabulary. This strategy was soon just about ubiquitous in all the fields in which area studies played any significant role, so that by the second decade of this century, it was taken for granted that the only way in which Marxist theory could have anything to offer in colonial critique was if somehow it could be rid of its Western bias and its putative endorsement of colonialism — for which Said's work was, and still is, taken to be the remedy.

Second, a central implication of Said's description of Marx as an Orientalist was that the analytical categories associated with him were similarly demoted. It had been common, even typical, in the critical anti-colonial tradition to approach the subject through the prism of political economy — even if the analyst did not mobilize its categories, the deep and enduring relation between colonial expansion and capitalist motives was at least assumed, if not highlighted. But in a book devoted to the explication of colonial ideology, and to the connection between that ideology and the colonial project, Said studiously distances himself from any reference to capitalism. Neither the word nor even its cognates make an appearance in *Orientalism*, except in reference to others' works or in irony. The entire issue is presented and analyzed through the framework of cultural analysis, in which the thinker

21 Gyan Prakash, "Postcolonial Criticism and Indian Historiography," *Social Text* no. 31/32 (1992): 8–19, especially pp. 13–14.

who receives a positive endorsement is not Marx — nor Vladimir Lenin and Rosa Luxemburg, who wrote the two most influential analyses of imperialism in the twentieth century — but Foucault.

What made the marginalization of political economy all the more significant was the framework Said seemed to offer in its place. At the core of the traditional materialist understanding of colonialism was the analysis of capitalism and the wider theory bound up with it — the manner in which class interests shaped imperialism, the relation of laboring classes to it, the question of whether and how much they might have benefited from it, the mechanisms by which local elite interests were harnessed to the project, and, of course, the role of the state. But few of these concerns make their way into Said's framework. The categories that drive his analysis are civilizational and geographical: East and West, Orient and Occident. Capitalists and workers, peasants and landlords — the normal concepts of political analysis — are displaced by the very categories that Said ought to have been anxious to set aside. Rather than interests, what motivates colonialists is the West's "will to power," a concept that is connected to interests only semantically, if at all.

The evacuation of materialist categories, the turn to culturalism, the positing of what appears to be a cognitive divide between West and East, the pillorying of Marx as another in a long line of European Orientalists — all these elements in Said's great work were entirely in line with the evolution of critical scholarship in the era of Ronald Reagan and Margaret Thatcher. As social theory went from materialist to culturalist, and from culturalist to postcolonial, overtures to *Orientalism* remained a fixture throughout. And Said, a humanist and lifelong critic of cultural essentialisms, became associated with an intellectual turn that has resurrected the very Orientalist tropes he spent much of his career trying to undermine. Said was apparently never entirely at ease with this

circumstance, as Timothy Brennan has observed.[22] But he did little to overturn it, and far less to resist it. For better or worse, he not only tolerated but presided over his enshrinement as one of the foundational thinkers of the postcolonial turn.

For those who seek a return to the materialist roots of the anti-colonial tradition in scholarship, the dimensions of Said's great work that I have highlighted — his second argument, the essentialism it entailed, the demotion of political economy, and the positing of an East-West dichotomy — will have to be set aside. This means that one of the tasks is to revive the critical approach endorsed by scholars such as al-'Azm and Ahmad, against the mountainous and deplorable calumny to which they have been subjected. Most of all, it will mean placing the questions of class and capitalism back at the center of political and historical analysis of colonialism — and of the postcolonial states that followed in its wake. This does not, by any means, entail a rejection of *Orientalism* itself. The materialist core of Said's work remains valid, untouched by the infirmities of his "Orientalism in reverse," as al-'Azm correctly described his second argument. It still offers an imposing edifice upon which the anti-colonial tradition can build. It is just that this dimension of Said's great work will have to be embedded in an analytical framework that draws upon, and returns to, those categories that are missing from *Orientalism*, and that postcolonial theory has worked for more than a generation to either bury or forget — back to political economy, for which, even today, Marx remains the indispensable starting point.

22 Timothy Brennan, "The Illusion of a Future: *Orientalism* as Traveling Theory," *Critical Inquiry* 26, no. 3 (Spring 2000): 558–83.

ABSTRACT

The uprisings that spread across the Middle East in 2011 seemed to be dead and buried, until a new wave of protests began in 2018. Gilbert Achcar is perhaps the leading Marxist analyst of these movements. His books *The People Want: A Radical Exploration of the Arab Uprising* (University of California Press, 2013) and *Morbid Symptoms: Relapse in the Arab Uprising* (Stanford University Press, 2016) are essential reading for anyone who would understand the historical trajectory of the region over the past decade. Jeff Goodwin recently spoke with Achcar about recent developments and his views of the revolutionary process that began in 2011.

INTERVIEW

By Jeff Goodwin

The Arab Spring, a Decade Later

Gilbert Achcar

JG: Let's begin with the most recent events that you'd like to talk about, Gilbert, which I imagine would be the second wave of uprisings or protests that started in the region a couple of years ago.

GA: I would start with something of even more immediate relevance — the ongoing pandemic, and how it has affected what the media called the "second Arab Spring," referring to the 2011 shock wave that was dubbed the Arab Spring. Take the Algerian case, where it is most obvious: there used to be a massive weekly demonstration, which had become almost a ritual. Every Friday, the local weekend, you would have a huge outpouring of people,

especially in the streets of Algiers, the capital. This stopped abruptly with the pandemic. The government found a good pretext to tell people: "It is over now. You must stay at home." In Sudan, the mass movement was also interrupted and paralyzed for a while by the pandemic, and the same happened in Iraq and Lebanon.

Nevertheless, there are moments when the anger is such that people are willing to brave the pandemic in order to demonstrate — you know something about that in the United States, with the Black Lives Matter movement! There comes a point when people can't stand it anymore. We had an illustration of that in Lebanon, in the aftermath of the huge blast in the port of Beirut on August 4 this year, and both Sudan and Iraq have witnessed a resumption of mass mobilization. But there's no denying the impact of COVID-19.

JG: Once the pandemic goes, hopefully sooner rather than later, will the movements pick up where they left off, in your view, or have they been crippled in any substantial way by this pause?

GA: That's a good question, which points to important differences between these cases. Where you have an organized movement, which is effectively the case for Sudan only, the movement has been carrying on, even if at a lower intensity. The more we get rid of the pandemic and the fear it creates, the more the Sudanese movement will pick up again due to its organized continuity. In contrast, whereas the Sudanese movement is remarkably structured with different levels of organization and representation, the Algerian popular movement of 2019 was unorganized, in the sense that no representative bodies, no recognized structures, did emerge. The movements in Lebanon and Iraq both suffer, too, from a lack of leadership and organization. In the case of Lebanon,

this reflects the variegated social and political composition of the movement, involving a very broad spectrum of forces that only have in common the wish to get rid of the existing power elite.

However, the core ingredients that led to the social explosion ten years ago are still there everywhere in the region, and even getting worse year after year. The pandemic is only worsening this. While it plays an immediate counterrevolutionary role in hampering mass mobilization, it is deepening, at the same time, the crisis that led to mass revolt in the first place. Except for the very rich, small, oil-producing states inhabited by a large majority of migrants that they can deport at will, most countries of the region will suffer from a sharp fall in income, including remittances, and a massive rise in unemployment. They will endure the consequences of the projected long-term fall of oil prices, oil being a major source of money flows in the region.

JG: You said that the fundamental causes of the uprisings are still there and, in fact, getting worse. I take it to mean that this second wave of protest has been driven by fundamentally the same factors as the first wave.

GA: There's no possible dispute about that, I believe. In Jordan in 2018, the catalyst of the social protest was a government decision about taxes. In Sudan, it was austerity measures cutting price subsidies at the expense of the poor. In Lebanon, it was a new tax that the government tried to impose on VoIP communication. In Iraq, the last few years have seen a sharp rise of social protest. And whereas the issue that triggered the movement in Algeria was directly political — the attempt to renew the president's mandate for a fifth five-year term — this doesn't mean that it wasn't related to ongoing, deep socioeconomic problems. You could say the same about several countries of the first wave, where the uprising started

over political issues, while it was very clear that deep social and economic problems underlay the political anger.

In my 2013 book, *The People Want: A Radical Exploration of the Arab Uprising*, I identified the deep roots of the explosion as lying in the fettered development of this part of the world, which has had lower rates of growth (especially per-capita growth) than other parts of Asia or Africa over the preceding decades. The most striking consequence of this was massive youth unemployment, of which the region has held the world record for decades. That gives you a crucial clue to the 2011 upheaval, which, of course, like any uprising, was mostly driven by young people, many of whom saw no future for themselves. A poll taken in 2010 showed a very high proportion of young people wishing to emigrate: the highest figure was then in Tunisia, with close to 45 percent stating that they wished to leave their country permanently. And to be sure, youth unemployment, as well as unemployment in general, has worsened since 2010, now more than ever due to the pandemic.

JG: Would you say the youth have been at the forefront of the uprisings across the region, or has there been some variation in their class composition? Or, to put it differently, when you speak of youth being at the forefront, do you mean middle-class youth, or working-class students?

GA: Like any vast popular movement, these movements cut across social layers and classes, but this is where age probably counts most. If you're looking for middle-class participants, you would mostly find young people from the middle class, but a much lower proportion of older people. However, the vast majority of those who were in the streets belonged to poorer classes: working class, lower middle class, and unemployed, including a high number of lower-middle-class graduates in a region where

enrollment in higher education is more extensive than in other parts of the Global South.

This fact is a product of the nationalist, developmentalist phase that peaked in the 1960s, providing free education that led to a high rate of enrollment in colleges and universities. As a result, graduates represent a high proportion of the unemployed. The massive participation of students and graduates in the movement also explains how they could play a key role, being tech-savvy. They know how to use new technologies and social media. At one point in 2011, the global media even described the Arab Spring as a Facebook revolution, which was an exaggeration, but not entirely wrong.

To be sure, the ability to organize is not the same from country to country: it depends on the preexisting levels of repression, the kind of working class, its degree of concentration, and so on. If you look at where it all began, that is in Tunisia — the first country where the mass movement, starting in December 2010, managed to get rid of the president in January 2011 — it's no coincidence that it should have happened there. Tunisia is indeed the only country in the region with a powerful, organized, and autonomous workers' movement. The Tunisian labor movement was instrumental in turning what started as a spontaneous revolt of anger into a mass movement that spread all over the country. The teachers' union, in particular, played a key role in radicalizing the movement and putting pressure on the central union leadership. The day that Zine el-Abidine Ben Ali fled the country was the day of the general strike in the Tunisian capital.

If you turn then to the second country that joined the movement, Egypt, you find that it had seen the most important wave of workers' strikes in its history during the years preceding 2011. There were a few embryonic independent unions, but the official unions were controlled by the government, so that the organized labor movement couldn't play a key role in leading the uprising.

However, Hosni Mubarak's overthrow by the military in February 2011 was precipitated by a massive wave of strikes that started in the days before his forced resignation, involving hundreds of thousands of workers.

Bahrain is another of the six countries that went into uprising mode in 2011, and, although this is little known, it is a country where you had a significant labor movement that played a key role in the early phase of the uprising, until the monarchy harshly repressed it. So, these are countries where the role of the working class in the uprising has been vital, most consciously. Now, on the streets of all the countries that witnessed a sharp rise in social and political protest in 2011, even from merely looking at photos, you can see that popular classes were the most involved.

The international financial institutions have tried to portray the Arab Spring as a middle-class revolt, because that fits with their neoliberal framing that this was an expression of people's thirst for more economic liberalization. They would admit that there were economic causes to the region's upheaval but would attribute them not to the implementation of their neoliberal recipes but to the lack of vigor in implementing them. This is complete rubbish, of course: only ultra-dogmatic neoliberals can deny the fact that the neoliberal shift did considerably worsen the socioeconomic conditions in the region prior to the uprisings. I explained how this happened in *The People Want*.

JG: Tunisia is often said to be the exception in the region. According to this perspective, the uprisings failed everywhere else. Some have linked this to the exceptional organization of workers in Tunisia. Does this analysis make sense?

GA: The answer to this is not a straightforward yes or no. First, we should consider if Tunisia has truly been a success story.

It has, if we mean democratization. In that specific sense, Tunisia has turned into what may be called an electoral democracy since 2011. From that angle, its uprising was successful.

But was it successful in solving the key social and economic problems that we mentioned? Not at all, unfortunately. Nothing changed with regard to political economy. Under the pressure of the IMF and the World Bank, things have even got worse. There have been intermittent social explosions in various parts of Tunisia since 2011, driven by the same social issues that led to the uprising ten years ago; a major upsurge happened a few weeks ago. Any belief that Tunisia has made it and is now out of the woods would be deeply mistaken.

However, the two issues that you mentioned — the success story and the role of labor — are not usually connected in mainstream understanding. Those who describe Tunisia as a success story do not usually emphasize the importance of its labor movement as a key to this success. They usually resort to some culturalist, Orientalist explanation. They hardly mention the labor movement, even though its role in preserving social peace, along with three other Tunisian social actors, was recognized by the award of a Nobel Peace Prize.

Now, there is a serious problem with that role in that, instead of forcefully fighting for the social demands of the population, the trade-union leadership has been busy cutting deals with the bosses' organization to guarantee a smooth alternation of bourgeois governments. So, Tunisia is actually proof of the fact that the issue is not "governance": it's not just democratization. It is fundamentally about deep social and economic problems that translate inevitably into political discontent. There is no way out of the crisis without radical socioeconomic change, but that's a far cry from the situation in Tunisia today.

JG: If, despite the democratic transition in Tunisia, the same economic policies remain fundamentally in place, would you say that the government should tackle the deep economic problems that you've been talking about? Or are the problems so deep-rooted that government policies are somehow irrelevant — this type of capitalism is stagnant and incapable of reform and must be dismantled?

GA: As you know, the neoliberal view of the world is built upon the dogma that the private sector should be the driving force. Put the private sector in charge, and everything will be solved — that's the miracle cure the neoliberals promote. The IMF offers the very same recipe to every country on Earth. This doesn't make sense, even from a pragmatic capitalist point of view, because you need to take into account that different countries have very different conditions. The world region we are discussing is one where, due to the nature of the state system, the basic requirements for development driven by private capitalism are simply nonexistent.

There are a few countries in the world, such as Turkey or India, that are usually referred to as cases where private capitalism under neoliberal conditions achieved fairly rapid rates of development for a time, albeit at a social cost — but this story has now ended. In the Middle East and North Africa (MENA), however, this could not happen, because private money needs a safe and predictable environment to engage in long-term heavy investment of the kind needed for development. The prevailing condition in the region is one of despotic state power combined with very high levels of nepotism and cronyism. This must be radically overturned. And there is no way out of the developmental blockage without a central role for the public sector, as opposed to the neoliberal perspective. What the region needs is a new type of developmentalism — a democratic one, not one led by authoritarian, bureaucratic regimes.

As for the sources of public funding, it is a well-known fact that the rich don't pay taxes in that part of the world. The only people who pay taxes are the wage earners of the formal sector, a minority of all workers. The region is known for massive capital flight and embezzlement. Resources are pumped out by the parasitic social groups that are in control of the states. So, there's no way out of all that without overthrowing this whole sociopolitical structure. Getting rid of a president is like cutting the tip of the iceberg when it leads to preserving the ruling structure, as was the case in all MENA countries where presidents were forced to step down — most blatantly so when it is the regime's military backbone that forced them, as happened in Egypt, Algeria, and Sudan, three states that have in common the armed forces' dominance of their political regimes.

JG: We haven't talked so far about the role of the external powers — the United States, Russia, etc. — which might in itself indicate that those powers have not played as important a role as some people think. What role have the great powers played over the last decade?

GA: When you speak of neoliberalism, when you speak of the international financial institutions enforcing their recipes, you are speaking, of course, of a system dominated by Western imperialist countries, above all by the United States. And yet, when the uprisings started in 2011, US hegemony was at a low point in the region, as a result of the heavy defeat of Washington's plans for Iraq. And 2011 was the year of the withdrawal of US troops from that country. This failure was a severe blow to the US imperial project, and not only in MENA.

Looking at Barack Obama compared to Donald Trump, one recalls C. Wright Mills and his analysis of the centralization of

power in the US presidential system, especially in matters of foreign policy and power projection. The basic class interests underlying the US government can be the same, but actual policies very much depend on who is in the White House. When the uprising happened in Egypt in 2011, Obama was keen not to give the impression that the United States stands with dictatorship, in blatant contradiction with his own discourse about democracy. In 2009, one of Obama's first major speeches was delivered in Cairo, where he upheld democratic freedoms for the region. Moreover, it would have been very imprudent for the United States to stand against what looked like a democratic tsunami at the time.

Obama therefore brought pressure on Mubarak to implement some reforms. When the latter proved unable or unwilling to deliver, Washington green-lighted the Egyptian military to get rid of Mubarak. Obama was basically confronted with a choice between two options. One was to support the existing regimes against the protest movements — the option advocated by the Saudis and other Gulf monarchies. Obama was reluctant to take this course for the reason just explained. Had it been Trump, it is quite likely that he would have done so without much hesitation. Obama's second option was the one presented by Qatar, which had become the sponsor of the Muslim Brotherhood since the 1990s. This gave Qatar influence over a key interlocutor from within opposition forces at the regional level, enabling Washington to try, with its help, to steer the movement in a direction that would remain unharmful to US interests.

That's what Obama did, with the exception of Bahrain, where he basically turned a blind eye to the Saudi-led counterrevolutionary intervention. He facilitated the election of Mohamed Morsi, the Muslim Brotherhood's presidential candidate in Egypt, by preventing the military from blocking it. During the single year of his presidency, Morsi largely played the game according to

Washington's rules regionally, even when it came to Israel. That's why the Obama administration was unhappy with the 2013 coup that toppled Morsi, although it ended up accepting its result, albeit grudgingly. That also shows you the limitations of US power.

In the meantime, you had the Libyan experience. Obama was drawn into that conflict reluctantly — the famous phrase used at the time to describe his course of action was "leading from behind." The movement in Libya itself didn't want foreign boots on the ground, and neither was Obama willing to engage US troops there. The result was a bombing campaign in support of an armed uprising confronting a brutal dictatorship, in the hope that Washington and its European allies would be able to steer the uprising toward an outcome that would be best for Washington — basically a compromise between supporting the regime and opposition, leaving in place the state apparatuses. This is what happened in Yemen in 2011 — Obama's preferred model, which he advocated for Syria in 2012. But they completely failed to achieve this in Libya, not least because of Muammar Gaddafi's intransigence, and the whole state structure collapsed when the uprising occurred in the capital.

Apart from the Libyan failure, the other direct major US intervention was against ISIS. On the margins of the regional upheaval, you had the emergence of this ultra-terroristic group posing a direct threat to US interests, especially when it crossed the border from Syria into Iraq in 2014, thus getting into an oil-rich country. Washington intervened again by means of a bombing campaign and sought local allies on the ground. The Obama administration and the Pentagon didn't seem to have a problem collaborating with the left-wing Kurdish forces in Syria, as well as with pro-Iranian militias in Iraq in the fight against ISIS. But that military intervention was meant only to counter ISIS, not to help overthrow any government, whether in Iraq or in Syria.

US hegemony in the region had reached a peak in the 1990s after the first war in Iraq, and then a low point at the time of the Arab Spring. Russia's rival imperialism exploited these weaknesses, in Vladimir Putin's typically opportunistic style. When he saw that Washington was at odds with the Saudis after the Egyptian coup, he embraced them as well as the new Egyptian dictator. When he saw that tension was building up between the Turkish president, Recep Tayyip Erdoğan, and Washington due to the Obama administration's alliance with the Kurds, he embraced the Turkish leader.

Syria was a country that had been under Moscow's influence for decades, where the Russian military held facilities. Iran first intervened in support of the Syrian regime in 2013, then Putin, seeing that even Iran's intervention to prop up Bashar al-Assad had not prompted Washington to give decisive support to the Syrian opposition, intervened in turn in 2015, rescuing the regime from impending collapse. Given the general weakness manifested by the United States in the region, Moscow later extended its military reach into Libya, where it supports one side, along with Egypt, the United Arab Emirates, and France, while the opposite side is backed by Turkey and Qatar. The Saudis are not involved in Libya — they weren't either in 2011. They are busy waging their proxy war with Iran in Yemen at the expense of this poor country's population.

JG: Is it fair to say that the US position in the region has declined since the uprisings began, while the positions of Russia and Iran have been strengthened, to some extent?

GA: Definitely. Although the Trump administration shifted on some issues to please its Saudi cronies, neither Trump nor anyone else is willing to deploy US troops massively in the region, short of a huge threat to US interests. They know that if they push

the escalation against Iran too far, it could have huge economic consequences in affecting the oil market and therefore the global economy. The Iranians know that, too, and that's why Iran seems to be undeterred and carries on acting accordingly. Had US imperialism been as almighty as some believe it is, Iran would not have been the main beneficiary of the US invasion of Iraq, to the point that this country's government has become its vassal.

In fact, that's why the recent uprising in Iraq is very much directed against Iran — not against the Iranian people, of course, but against the Iranian regime that is meddling in their country's affairs and trespassing upon their sovereignty. Those who have been out on the streets in Iraq are mostly Shiites, and yet they're very much opposed to Iranian influence rejecting all foreign dominations, whether from Washington or Tehran. In Lebanon, too, there has been significant participation of Shiites in the 2019 uprising, which was remarkably cross-sectarian and equally opposed to Tehran's and Washington's friends governing in coalition.

JG: Capitalism, if I understand what you were saying earlier, really has no future in the region. There's no fix for it at this point. Some kind of democratic socialism is the only possible way out of this situation, with an entirely new mode of development.

GA: Well, I would say democratic socialism is the most desirable option, for sure. But in principle, you could also imagine a way out through the kind of authoritarian developmentalist regime that presided over the transformation of some East Asian countries. However, that is nowhere on the horizon right now. The key point is that the role of the public sector must be central in getting out of this crisis through a new type of developmentalism, which is much more likely to be socialist than capitalist. Add to this that we live in an age when people are much less inclined to tolerate the

kind of dictatorships that prevailed in the 1960s. The aspiration for democracy is very widespread. In MENA, people have learned through experience that they can overthrow governments by mobilizing in the streets, and it is a very important lesson indeed.

JG: Even though you link the uprisings to the stagnant form of capitalism in the region, what strikes many observers is how weak the overtly anti-capitalist voices have been. The rhetoric of democracy and freedom has been at the forefront of these uprisings, while the explicitly socialist forces seem very weak. Is that a fair characterization? And if it is, how are we to understand the weakness of socialist and anti-capitalist ideology in the region?

GA: If we're talking about anti-capitalist forces that uphold a socialist program, they are indisputably very weak in the region. Even though small, marginal groups have sometimes played a disproportionate role, as was the case in 2011 Egypt, that doesn't change the fact that such groups are small and weak. But it is one thing to be against capitalism in theory, and another to be against actually existing capitalism. In the latter sense, there are very large numbers of people who are fed up with rotten capitalism and neoliberalism. They wish to get rid of the socioeconomic system under which they live. That doesn't mean most are conscious socialists, but they definitely aspire to social justice in a vaguer sense, and that's the key starting point. Social justice was indeed one of the prominent slogans in the Arab Spring.

History has never seen revolutions — not even Russia in 1917 — where most people were socialists wanting to abolish capitalism; it doesn't work like that. In MENA, a major part, if not most, of the younger generation uphold progressive values, ranging from democracy to social justice. One key slogan of the

uprising was "bread, freedom, and social justice." That's a good definition of the dominant aspiration — to which you can add "national dignity," i.e., anti-imperialism, as well as anti-Zionism, where Israel is involved.

How to measure this? There are no pollsters asking this sort of question; most of the time they ask very silly ones. However, one good indication came from the first round of the Egyptian presidential election in 2012, the freest one the country ever witnessed. The two chief contenders were the old regime's candidate and that of the fundamentalist Muslim Brotherhood. There were also "lite" versions of each: a lite regime candidate and a lite Islamic candidate.

The fifth candidate in the race had the least financial means and organizational support, yet he came third, close behind the two front-runners. This man was a Nasserist (by reference to Gamal Abdel Nasser, who led Egypt's "socialist" moment in the 1960s) who spoke the language of socialism explicitly. He is a reconstructed Nasserist, who refers to the social reforms and extensive nationalizations of the Nasser years while recognizing that dictatorship was a part of Nasser's legacy that should be discarded as obsolete in favor of democratic values.

So, you could describe him as a representative of democratic socialism in the sense that most people would understand that. And yet he got the largest vote in Egypt's key urban centers, including Cairo and Alexandria. This is an excellent testimony to the fact that, although it may not be steered by an organization, there is a diffuse aspiration for something radically different. That's what is most important.

JG: What I hear you saying is that there is a potential constituency in the region for a democratic socialist mass movement. The problem is that socialist organizations are weak. They have

been destroyed by the dictators, weakened by authoritarianism. No one has been capable of mobilizing these social democratic or social justice sentiments that do seem to be very widespread in the region.

GA: I wouldn't say "social democratic," because this refers, of course, to a mostly European experience that produced a certain type of organization with the outcome we know. As for the term "socialist," it is not the preserve of Marxists, of course. If you take the Russian revolutions, there was a massive current, the Social Revolutionaries, that could hardly be described as Marxist. If you take the Paris Commune, most of the participants would not even refer to "socialism." The key point here is aspiration to social equality, to a different kind of society, and at the same time, to radical democracy.

So, yes, the major problem is not the lack of a constituency for radical change of the kind that we are discussing; this constituency exists, but it lacks organization and is therefore weak. There's an observation here we can make about social movements in general. When a mass movement takes essentially the form of occupying squares, that may constitute a show of numerical strength, but at the same time, it's a sign of qualitative weakness. Why? Because if the movement were truly strong and well organized, it would shift from a "war of position" to a "war of movement" and aim at seizing power. But if it stays in the squares, the truth is that it is because it knows that it can't overthrow the regime on its own, let alone take power. It is thus expecting someone else to overthrow the government from within the powers that be.

In Egypt, the popular movement was expecting the army to do it, and the military did indeed remove the president. That's also what happened in Algeria and Sudan, even though the mass movement didn't fall prey to illusions about the military in those

two countries, like it did in Egypt. A mass movement can seize the centers of power only if it is organized — this is what the famous metaphor of the steam and piston expresses. And that is what is crucially lacking in the region. The most advanced movement in this regard is that of Sudan, because it has developed leading structures to a remarkable extent — not the kind of centralized leadership that people for whom the Russian experience is the model might think of, but much more horizontal leading structures: a network-like organization, impressive in its scope. The movement developed a program with clear demands that fit well into what I described as a half-conscious aspiration to a democratic socialism, broadly speaking.

Sudan is exceptional in this regard, and partly because this is a country where there has been a strong communist tradition. A lot of people have been through the Sudanese Communist Party. Most ended up leaving it, especially because it still retains Stalinist features, like other parties of its kin. In many respects, it is a "dinosaur," but at the same time, there are a lot of young activists in its ranks, and there are tensions between the central leadership and youth and women members. Still, the party played an undeniable role in the development of a widespread left-wing or progressive culture in the country.

I don't mean to give the impression that Sudan is on the verge of completing the revolutionary process, of course. The pandemic intervened, as we mentioned. And, most important, there have been all sorts of international interference, including from a Trump administration mostly interested in bringing Sudan to establish links with Israel. They have been exerting real blackmail over this very poor country, refusing to strike it off Washington's list of terrorist states unless it agrees to recognize Israel.

The Egyptian dictatorship and the Gulf monarchies are the main backers of Sudan's military. The country is in a transition

period, with a kind of duality of power between the old regime, i.e., the military, and the popular movement. It is a very difficult situation, no doubt about that. The revolutionary process is more advanced there than in any other country in the region, but it still has a long way to go, and the military can still turn very nasty.

JG: You've been emphasizing the importance of strong organization. When the uprisings began in 2011, there was a feeling of optimism, a sense that the region might be on the verge of a really important transition. And yet it generally didn't happen. There were a lot of dashed hopes and disappointments, and worse. Would you say that this lack of strong, popular organization was the Achilles' heel of the uprisings?

GA: Yes, for sure. Organizational weakness is key. That's the missing factor for this revolutionary process to mature. And it's not written in the sky that it is going to happen. It's an open process, in which the best-case scenario is one in which conditions are fulfilled and radical change achieved, and the worst-case scenario is historical blockage with more tragedies to come, of which Syria has become such a terrible instance.

The weakness of the traditional left is partly the result of its own shortcomings. In the region, this traditional left stems from two sources. One is nationalism, petit bourgeois nationalism, with all its problems and lack of political and social perspicacity. The other is Stalinism. Both were dealt a heavy blow by the fall of the regimes upon which they relied. The 1970s witnessed the decay and decline of Arab nationalism, and the fall of the Soviet Union made the 1990s a period of deep crisis for the entire communist movement in the region. There are, here and there, remnants of various sizes of this twentieth-century left, but it is overall in terminal crisis, and I don't expect any revival under the same traditional forms.

What is needed is a new progressive movement that manages to become the expression of the new radicalization. If you take Sudan, the most promising force there is the "resistance committees," as they are known. These are neighborhood committees involving tens of thousands of people — mostly young people — organized at the grassroots level. They are wary of any attempt to hijack their movement, so they are allergic to centralism and very keen on preserving each committee's autonomy. Here's a major difference with the old left. They use social media and organize horizontally.

Also consider the role of women in the movements: in the first wave of 2011, it was already remarkable. Organized women played a significant role in Tunisia. The most surprising development was women's remarkable participation in Yemen, a country where their status is appallingly oppressive. But the second wave of 2019 saw this role for women reach a higher level. In Sudan, women made up the majority of the mass movement. In Algeria, they constituted a major part of the mobilization. In Lebanon, women played a very prominent role, and this, in turn, influenced Iraq, where they weren't prominent at the beginning. There is a clear interaction between movements learning from one another and emulating one another. The prominent role of women is also something that contrasts with the traditional left, which is quite male chauvinist, whatever its claim to the contrary.

JG: It seems as if you remain optimistic that a new kind of Left is finally emerging in the region. But it sounds like a process that could take decades, frankly, to mature. What do you think is coming next in the region? What kind of time horizons are you thinking of for this revolutionary process?

GA: This is a long-term process, of course. When you think of all major revolutions, they spread out over quite a long period

of time. The French Revolution started in 1789. When did it end? This is debated among historians — some say a century later, but the minimum is ten years later. Take the Chinese Revolution — the first major episode in the twentieth century took place in 1911, and the upheaval continued until 1949 and way beyond, in fact.

At the same time, it doesn't necessarily take decades for a new progressive force to emerge. What I mentioned in Sudan is not something that was prepared over the course of decades of underground organization. These resistance committees sprung up with the revolution in 2019. Even where there has been a decline or defeat of the movement, the activists reflect upon their experience. They draw lessons from it. There have been everywhere some initial steps toward organizing. To be sure, this can become very difficult where there is a massive crackdown, like in Egypt. But sooner or later, the situation will explode again. And then people who have been through the previous experience will hopefully draw its lessons and try to act differently.

I was accused of pessimism in early 2011, when I was warning that it won't be easy and will require a lot of patience and long-term perspective. I explained that what happened in Tunisia and Egypt, with the toppling of the president, can't happen in Libya and Syria without a bloodbath. I also warned that removing Tunisia's Ben Ali or Egypt's Mubarak doesn't mean that the people succeeded in overthrowing the regime, as the famous slogan said ("The people want to overthrow the regime"). Achieving this goal will take a long time and will require a lot of conditions to be met.

I was regarded as pessimistic then. A few years later, many of the same people who had been euphoric turned into gloom-mongers, claiming that the whole process was dead. It was but another impressionistic illusion. Orientalist views about the region's cultural incompatibility with secular democracy came back with a vengeance. And this time, every time I stressed that the backlash

was but a second phase in a long-term historical process, I would be accused of naive optimism.

Well, I don't use those categories of optimism and pessimism — even when they are understood according to the famous formula combining "pessimism of the intellect" with "optimism of the will." In fact, optimism of the will is conditioned by the existence of hope: however pessimistic intellect may be, it must leave a place for hope, short of which there can't be optimism of the will, except for a tiny minority. The key point is to recognize that a potential exists.

Having said this, to assert that the region is going to witness future uprisings does not in itself constitute "optimism." Uprisings may, alas, result in bloodbaths, and the possibility of a future like Syria's present can't be called "optimism," for sure. The whole country has been devastated — the death toll is in the several hundreds of thousands, not to mention the people crippled for life and those who have been displaced from their homes or forced out of the country. It is the worst tragedy of our time so far, and yet, even in Syria, and even in areas under regime control, significant social protests have occurred lately. You might think that after all that happened, people would be terrorized into passivity, but that has been proven wrong. This is the best possible illustration, given how terrible the Syrian experience has been, that the revolutionary potential is still there. The only safe prediction one can make about MENA is that the regional turmoil won't subside in the foreseeable future: the region will keep boiling until conditions allow for radical change. The alternative is barbarism, but as long as the revolutionary potential is still alive, there is serious room for hope, making action toward meeting the conditions for radical change obviously crucial and urgent.

ABSTRACT

Whereas mainstream analyses attribute recent Indian growth to the neoliberal economic reforms of the early 1990s, it has, in fact, been fueled by a steady rise in capital accumulation. The heavy reliance on the expansion of credit, much of it funneled through public-sector banks, has created financial fragility that might choke off future growth. Growth has been strikingly inequitable because it has been unable to foster rapid structural transformation of the economy.

From Nehru to Modi

Deepankar Basu

After attaining political independence from British colonialism in 1947, India embarked on a path of planned economic development through import substitution industrialization (ISI). This model of economic development, which produced relatively rapid industrial and economic growth in the immediate post-independence decades, ran into serious troubles in the mid-1960s, manifested by a prolonged recession in the industrial sector. When the economy finally emerged from more than a decade of industrial stagnation in the late 1970s, Indira Gandhi's Indian National Congress party initiated a gradual reorientation of economic policies in a more business-friendly direction, which continued under the Rajiv Gandhi–led Congress in the mid-1980s. This business-friendly

orientation was converted into a market-friendly orientation with the initiation of neoliberal economic reforms under P. V. Narasimha Rao's Congress party in 1991. Even as the political party, or coalition of parties, leading the central government has changed many times since then, the essential thrust of economic policy in India has not.

As part of the economic reforms of the early 1990s, significant changes were introduced, often gradually, in policies governing domestic and foreign investment, international trade, taxation, and the financial sector. In the ISI period, restrictions on investment, aimed at both having control over the shape of capital accumulation and limiting the growth of monopolies, were implemented through licensing. Such industrial licensing was gradually dismantled after 1991. Restrictions on foreign direct investment, foreign technology agreements, and foreign portfolio investment to purchase shares of companies listed on the Indian stock market were gradually relaxed. Restrictions on the import of capital goods, intermediate goods, and raw materials were completely done away with, and in 2002, restrictions on the import of consumer goods were also eased. Import tariffs on a whole range of commodities were rapidly reduced; non-tariff barriers were steadily dismantled.[1] Financial sector reforms included the liberalization of controls over interest rates, the development of a market for trading government securities, the removal of government control over the issuance of securities by private companies in the stock market, scaling down directed lending, and a gradual reduction in the use of a statutory liquidity ratio and cash reserve ratio to mobilize resources by the government.[2] The reforms were meant to facilitate an increasingly larger role for market principles, as

1 Montek S. Ahluwalia, "India's Economic Reforms: Achievements and Next Steps," *Asian Economic Policy Review* 14, no. 1 (2019):46–62.

2 Charan Singh, "Financial Sector Reforms in India," Working Paper 241, Stanford Center for International Development (2005).

opposed to government control and regulation, in the operation of the domestic economy and to integrate it more closely with the global capitalist system.

The dominant narrative in the business press and within an influential segment of academia presents Indian economic growth as a two-part story: slow growth in the "socialist" period and high growth since the initiation of liberal economic reforms in the early 1990s.[3] Often, the implicit understanding of this story contains the following assumptions: the liberal economic reforms *caused* the growth acceleration; growth is gradually trickling down the income ladder; economic growth has led to a massive reduction in poverty; development indicators are looking up; and more economic reforms are needed to continue this virtuous circle of growth and economic development.

This article will critically engage with the dominant narrative about India's economic growth. I begin by looking at the key facts of Indian economic growth. The main question I address is whether the neoliberal economic reforms of the early 1990s accelerated growth significantly. While there is no doubt that economic growth has accelerated over the decades in India, the pivotal episodes of acceleration do not seem to be related to the neoliberal economic reforms of the early 1990s. In fact, economic growth in India has been generated and sustained by a steady rise in the rate of capital accumulation — the issue I investigate next by studying two questions. What is the role of capital accumulation in sustaining growth? What are the key determinants of capital accumulation? The third issue I discuss relates to the distributional aspects of economic growth. Here, I ask: How has growth translated into improvements in the material conditions of the vast majority of the

3 See Arvind Panagariya, *India: The Emerging Giant* (New York: Oxford University Press, 2008); Ahluwalia, "India's Economic Reforms."

working people of India? Investigating these three issues allows me to offer, in the concluding section of the paper, a clear picture of the limitations of India's economic growth.

FACTS OF ECONOMIC GROWTH

Regimes of Growth

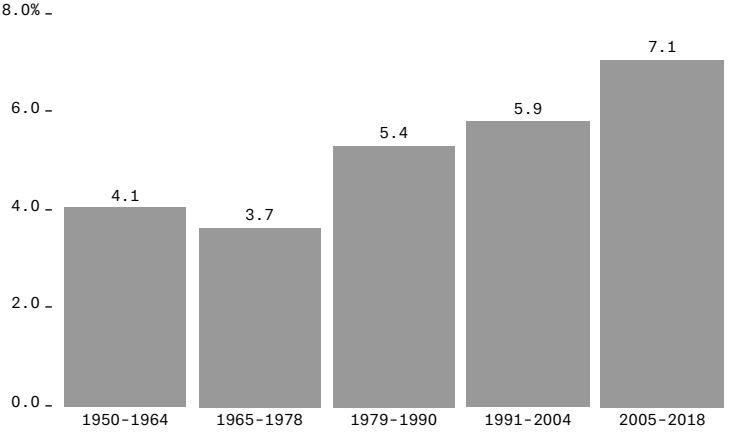
What are the facts of economic growth in India? Statistical analysis of India's growth record identifies four break points between 1950 and 2018. These breaks gave rise to five growth regimes.[4] The average annual growth rates of real GDP in these five growth regimes is presented in Figure 1. Between 1950 and 1964, the first growth regime, real GDP grew at 4.1 percent per annum; in the next period, 1965–1978, the growth rate fell to 3.7 percent per annum. Since then, economic growth has accelerated: the average annual growth rate of real GDP was 5.4 percent, 5.9 percent, and 7.1 percent per annum over the periods of 1979–1990, 1991–2004, and 2005–2018, respectively.

From the evidence presented in Figure 1, therefore, we see that economic growth in post-independence India has moved up in an almost stepwise manner over the decades. Other than the period from the mid-1960s to the late 1970s, which saw deceleration compared to the previous period, economic growth has accelerated throughout India's post-independence period, regime over regime. Overlaid on this general picture of a gradual and steady increase in the rate of economic growth are two episodes of significant growth acceleration.

The first and most significant acceleration in aggregate economic growth in post-independence India occurred in the late 1970s. Between 1965–1978 and 1979–1990, average growth in

4 Deepankar Basu, "Revisiting India's Growth Transitions," UMass Amherst Economics Working Paper 284 (2020).

Figure 1. Average annual growth rate of real GDP in India over different growth regimes



Source: Basu (2020).

real GDP accelerated by about 1.7 percent per annum — from 3.7 percent per annum in the first period to 5.4 percent per annum in the second period. This is the largest increase in growth between regimes identified by statistical analysis. The second major break occurred in the mid-2000s, when growth accelerated by about 1.2 percent per annum between 1991–2004 and 2005–2018 — from 5.9 percent in the first period to 7.1 percent in the second period. The early 1990s, the period during which neoliberal economic reforms were introduced in India, do not constitute a significant break in India's post-independence growth record.

Sectoral Dimensions of Growth

An analysis of the sectoral contributions to growth further complicates the dominant narrative about the trajectory of economic growth in India. Economic liberalization related to international trade and domestic investment, two key aspects of the neoliberal

economic reforms of the early 1990s, was meant to spur growth in the industrial (especially manufacturing) sector. This was, in turn, supposed to jump-start aggregate economic growth. The evidence is at variance with this prediction, because the industrial sector has not been central to sustaining or accelerating growth during any of the growth regimes.

Table 1 presents the main results of an analysis of the sectoral dimension of aggregate economic growth in India over the five growth regimes identified previously. For this analysis, I divide the economy into three sectors: primary, secondary, and tertiary. The primary sector consists of agriculture and allied activities; the secondary sector comprises mining, manufacturing, and utilities; and the tertiary sector consists of all other sectors, including construction, trade, hotels, communications, transportation, finance, real estate, insurance, public administration, and defense.

For each growth regime, Table 1 gives three numbers for the primary, secondary, and tertiary sectors: the average annual growth rate of sectoral real GDP (which captures economic growth within a sector), the average sectoral share of aggregate real GDP (which captures the relative size of a sector), and the percentage contribution by a sector to the growth rate of aggregate real GDP. For instance, over the period 1950–1964, the average growth rates of real GDP in the primary, secondary, and tertiary sectors were 2.51 percent, 6.49 percent, and 4.84 percent per annum. The relative sizes of the three sectors, in terms of real GDP, were 0.50, 0.13, and 0.37, respectively. The contributions to aggregate economic growth by the primary, secondary, and tertiary sectors were 32 percent, 22 percent, and 46 percent, respectively.

In Table 1, we see an important principle at play. A sector's contribution to aggregate economic growth comes from a combination of its own sectoral growth rate and its relative size. Therefore, a sector's contribution to aggregate economic growth can be large

Table 1. Sectoral Contributions to Economic Growth in India

	Primary	Secondary	Tertiary
1950–1964			
Growth Rate (% per annum)	2.51	6.49	4.84
Share of GDP	0.5	0.13	0.37
Contribution to Growth (%)	31.84	21.97	45.53
1965–1978			
Growth Rate (% per annum)	2.94	4.5	4
Share of GDP	0.4	0.17	0.43
Contribution to Growth (%)	32.16	20.96	46.7
1979–1990			
Growth Rate (% per annum)	3.44	6.19	6.14
Share of GDP	0.33	0.2	0.47
Contribution to Growth (%)	21.53	22.96	55.25
1991–2005			
Growth Rate (% per annum)	2.7	5.89	7.55
Share of GDP	0.24	0.21	0.55
Contribution to Growth (%)	10.59	20.04	68.79
2006–2018			
Growth Rate (% per annum)	3.13	6.66	8.17
Share of GDP	0.13	0.2	0.66
Contribution to Growth (%)	5.88	18.41	75.66

Notes: The primary sector includes agriculture and allied activities; the secondary sector includes mining and quarrying, manufacturing, and electricity, gas, water supply, and other utilities; the tertiary sector includes construction, trade, hotels, communication, transportation, and services related to broadcasting, finance, insurance, and real estate, and public administration, defense, and other services.

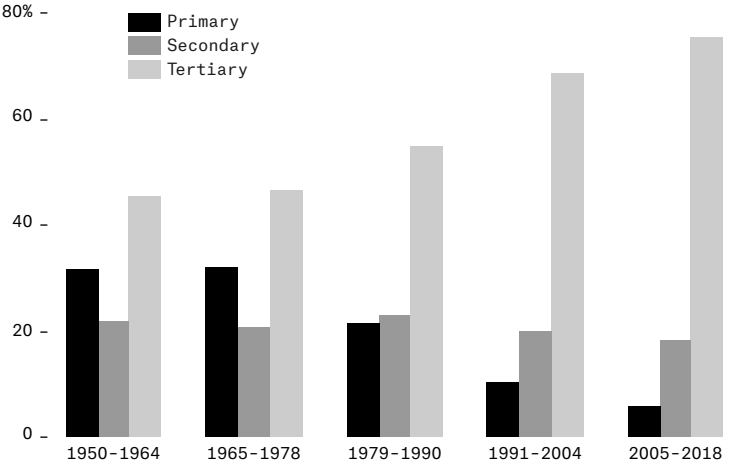
Source: Basu (2020).

either because it grows at a relatively faster rate or because it is relatively larger compared to the other sectors. For instance, in the immediate post-independence period, 1950–1964, while the secondary sector grew at the fastest pace (at 6.49 percent per annum), its contribution to aggregate economic growth, at 22 percent, was overshadowed by the tertiary sector, at 46 percent. This is because of the relatively larger size of the tertiary sector.

The numbers in Table 1 and Figure 2 show that, over the entire post-independence period, the service sector (or the tertiary sector) — *and not the industrial sector (or the secondary sector)* — has been the major contributor to growth. While the contribution of the secondary sector has hovered around 20 percent, the contribution of the tertiary sector has increased from 46 percent in the early post-independence period (1950–1964) to 76 percent in the latest period (2006–2018). In the two significant growth acceleration episodes, contribution by the service sector has been salient. In the first and most significant acceleration of economic growth, between 1965–1978 and 1979–1990, the contribution of the tertiary sector to aggregate economic growth increased from 47 percent to 55 percent — an increase of 8 percentage points. During the second episode of growth acceleration, between 1991–2004 and 2005–2018, the contribution of the tertiary sector to aggregate economic growth increased from 68 percent to 76 percent — another increase of 8 percentage points.

Taken together, the temporal pattern of growth, the episodes of growth acceleration, and the sectoral contributions to growth raise serious questions about the narrative that assigns the economic reforms of the early 1990s the pivotal role in India's growth acceleration. The major growth acceleration precedes the economic reforms of the early 1990s by at least a decade; and the essential sector that has sustained and accelerated growth has been the service sector, not the industrial sector, which was the focus of the

Figure 2. Contributions to aggregate economic growth by the primary, secondary, and tertiary sectors



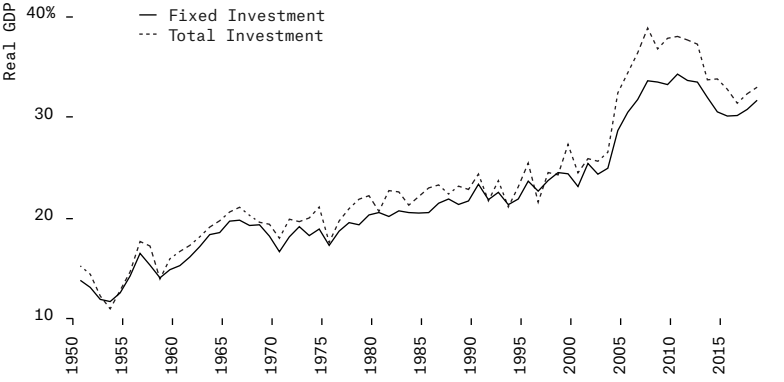
Source: Basu (2020).

economic reforms. The answer to the first question — of whether the neoliberal economic reforms accelerated economic growth — is therefore negative. They did not.

CAPITAL ACCUMULATION AND ECONOMIC GROWTH

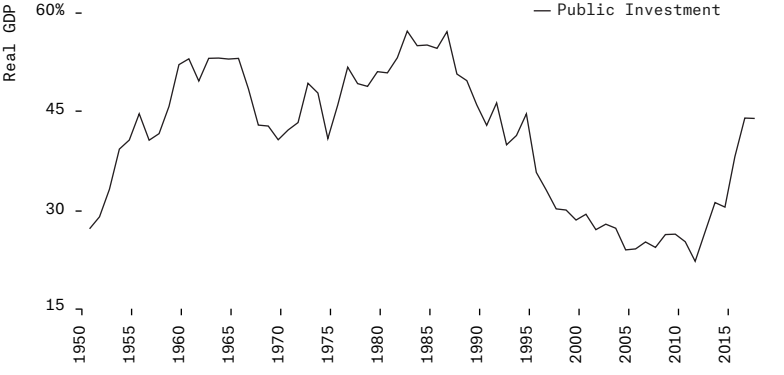
In a labor surplus economy like India's, aggregate economic growth can come from two sources: growth in the modern sector (comprising the capitalist and the state sectors), and reallocation of labor from the traditional sector (dominated by petty commodity production) to the modern sector. India's record on labor reallocation — what is referred to as structural transformation in development economics — is rather poor. In 1983, 69 percent of total employment was in the primary sector; in 2009–10, the primary sector still employed 51 percent of all workers. Lacking

Figure 3. Price-adjusted investment in the Indian economy. Total investment is the sum of fixed investment and change in inventories



Source: Basu (2020).

Figure 4. Fixed investment by the public sector as a proportion of total fixed investment



Source: Basu (2020).

strong labor reallocation effects, aggregate economic growth in India has been primarily driven by growth within the modern sector, which, in turn, has been sustained by capital accumulation.

Capital Accumulation

Figure 3 presents the time path of real investment in the Indian economy for the whole post-independence period. The figure plots data for both total investment and fixed investment, where the former is the sum of the latter and change in inventories. Fixed investment is the creation of new capital stock, in the form of equipment, machinery, and structures. Increase in fixed investment provides indication of the growth in the productive capacity of the economy. Hence, that is the relevant metric to track over time if we are interested in the question of capital accumulation.

From Figure 3, we see a steady rise in fixed investment over the last seven decades. Starting from a value of just over 10 percent of GDP in the early 1950s, real fixed investment touched 20 percent of GDP by the mid-1960s. This provides evidence that the ISI strategy of the immediate post-independence period was partially successful in fostering industrial development. Subsequently, the Indian economy entered a period of prolonged stagnation, reflected in the flattening out of fixed investment from the mid-1960s to the late 1970s — the period of industrial stagnation. Fixed investment picked up again beginning in the early 1980s and increased slowly but steadily thereafter, reaching about 25 percent of GDP in 2001. This was followed by a major and unprecedented spurt in investment for close to a decade, with fixed investment crossing 34 percent of GDP in 2010. Since then, fixed investment has been on a downward trajectory. By 2018, fixed investment had declined to 32 percent of GDP, a level that had previously been crossed in 2006.

What were the relative contributions of the public and private sectors to capital accumulation in India? Figure 4 presents

time series plots of the share of the public sector in the economy's total fixed investment. From Figure 4, we can observe an important feature of the trajectory of capital accumulation in India: the importance of the public sector in the first three decades after independence, and its gradual eclipse by the private sector since the early 1980s.

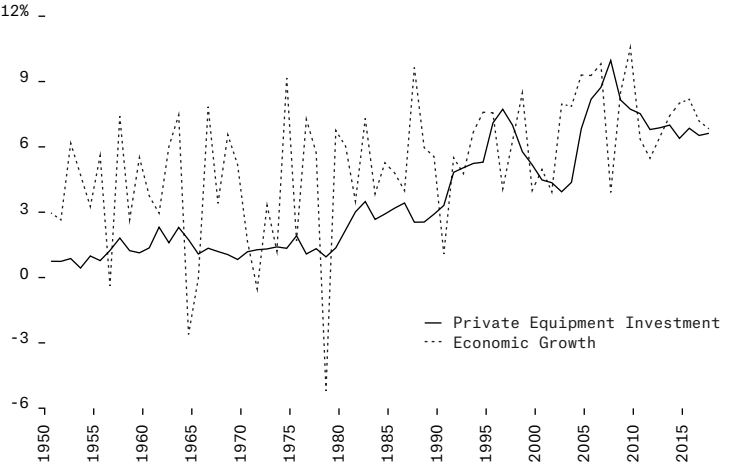
In the early post-independence period, capital accumulation in the modern sector was driven by rapid growth in the state sector. This is reflected in the high and growing share of the public sector in total fixed investment, as shown in Figure 4. From 27 percent in 1950, the public sector's share of total fixed investment had climbed to 53 percent by 1965. A decline for four years was reversed after 1969. Over the next sixteen years, the public sector's share rose from 40 percent in 1969 to just over 57 percent in 1986.

The mid-1980s were a turning point. Since then, the dominance of the public sector in terms of aggregate capital accumulation has been gradually eroded. From its high of 57 percent in 1986, the public sector's share of total fixed investment fell to 22 percent in 2011. Starting from the mid-1980s, therefore, the private sector gradually supplanted the public sector as the dominant contributor to aggregate fixed capital investment.

Investment in Equipment and Machinery

Fixed investment is composed of investment in equipment and machinery as well as investment in structures, but it is investment in equipment and machinery that is more important for economic growth. This is because it can generate spillover effects. Equipment and machinery investment in one firm or sector can benefit other firms and sectors by generating new knowledge about technology and creating a pool of skilled workers, through industrial training, that other firms and sectors can draw on. The spillover effects, if large, can generate and sustain virtuous circles of growth.

Figure 5. Investment in equipment and machinery by the private corporate sector and growth rate of real GDP in the Indian economy

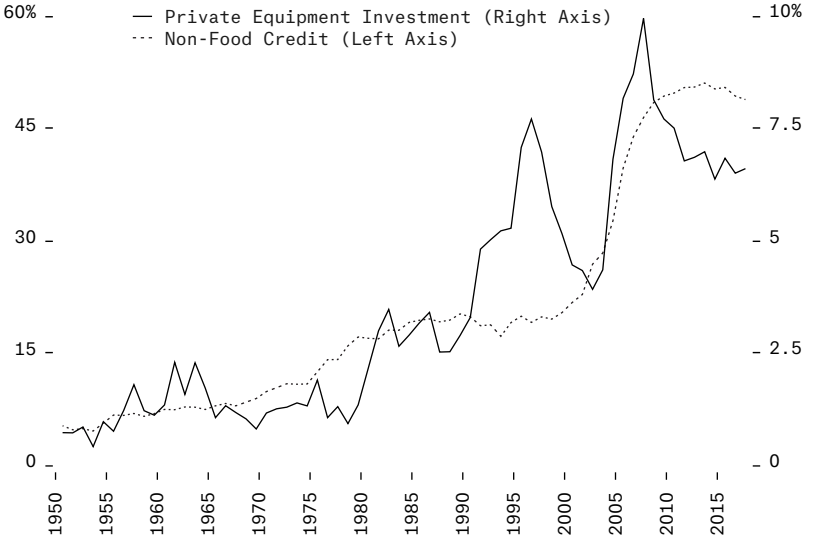


Source: Basu (2020).

A disaggregated analysis of the impact of capital accumulation on growth in India shows that private corporate investment in equipment and machinery has been the most important driver of long-run economic growth over the whole post-independence period.[5] While public investment in equipment and machinery must have played an important role in the immediate decades after independence, long-run growth and its acceleration since the late 1970s is largely driven by capital accumulation in the *private corporate* sector. The relationship between private corporate equipment investment and aggregate economic growth is highlighted in Figure 5, where we see how closely the trajectory of aggregate economic growth is tracked by the private corporate sector's investment in equipment and machinery. Between 1950 and 1980,

5 Basu, "Revisiting India's Growth Transitions," 13–22.

Figure 6. Total nonfood credit (percentage of GDP) and investment in equipment and machinery by the private corporate sector.



Source: Basu (2020).

equipment and machinery investment by the private corporate sector was essentially trendless, never even reaching 2 percent of GDP. In 1980, it started a steady upward climb, reaching about 10 percent of GDP by 2007. The story of India's economic growth since the 1980s is therefore largely a private, corporate sector–led affair — a reflection of the rising strength of the capitalist class, which no longer needs the props of the postcolonial state.

If private-sector investment in equipment and machinery has been an important driver of India's long-run economic growth, what are, in turn, its determinants? Building on the work of Kunal Sen, I use annual data on the relative price of equipment and machinery, total public investment, real interest rate, total nonfood credit, and

a time trend to explain the temporal variation in private corporate investment in equipment and machinery.[6]

What is the rationale for choosing these determinants of investment? The relative price of equipment and machinery is meant to capture the price effect on investment. The intuition is that if equipment and machinery become relatively inexpensive, the incentive to purchase them and incorporate them in the capital stock will increase. Hence, investment will rise. The real interest is meant to capture the cost of borrowing funds. Since a large part of investment is financed with borrowed funds, an increase in the real interest rate can be expected to have a negative effect on investment. Public investment is expected to capture both a demand-side and a supply-side effect on private corporate investment. On the one hand, public investment increases the demand for private-sector output, which gives a demand-side boost to private investment. On the other hand, public investment creates infrastructure, like roads, electricity, and ports, that can ease supply-side bottlenecks, thereby boosting investment.

My econometric analysis shows that total nonfood credit (measured as a percentage of GDP) has the most consistent positive impact on private-sector equipment investment among all the variables included in the analysis.

Nonfood Credit

In India, total bank credit refers to the flow of credit disbursed by the scheduled commercial banks (which includes public-sector banks, private-sector banks, and foreign banks). Total bank credit can be broken up into two parts. The first, and relatively smaller, part is known as food credit, which is disbursed to the Food

6 Kunal Sen, "Why did the Elephant Start to Trot? India's Growth Acceleration Re-examined," *Economic and Political Weekly* 42, no. 43 (2007): 37–47.

Corporation of India (FCI) and state government agencies for procuring food grains. The second, and relatively larger, part is called nonfood credit. This is the portion of bank credit disbursed as loans to various sectors of the economy (agriculture, industry, and services) and as personal loans. A rise in the flow of nonfood credit, holding demand and other supply-side factors constant, gives a surge to investment by easing financing constraints faced by capitalist firms. It is this effect that is captured by my econometric analysis.

The basic relationship between nonfood credit and private equipment and machinery investment is depicted in Figure 6. Total nonfood credit stood at 5 percent of GDP in 1950 and increased slowly till the early 1970s. From the mid-1970s to the mid-1980s, there was a rapid growth of nonfood credit. It increased from 11 percent of GDP in 1974 to about 20 percent in 1986. This surge in credit seems to have boosted investment in the late 1970s and early 1980s — the period of the first growth acceleration. From the mid-1980s to the early 2000s, the level of nonfood credit was relatively flat, but it witnessed another spurt of growth in the decade of the 2000s. This coincides with the rapid growth in private-sector equipment investment in the 2000s — the period of the second growth acceleration.

In Figure 6, we also see that there was one period, the early 1990s, when nonfood credit was flat but private equipment investment rose rapidly. This episode of investment growth might have been boosted by the rapid fall in the price of equipment and machinery occasioned by the dismantling of import restrictions related to intermediate and capital goods.[7] While this is a plausible story for the early 1990s, the trajectory of private-sector investment in equipment and machinery over the longer stretch

7 Sen, "Why did the Elephant Start to Trot?"

of time since the late 1970s seems to have been more profoundly impacted by the flow of credit.

Which part of the banking sector took the lead in the provision of nonfood credit? The banking sector, i.e., the scheduled commercial banks, in India is composed of public-sector banks, Indian private-sector banks, and foreign private banks. While the share of the private sector has increased over time, the bulk of credit is still provided by public-sector banks. For instance, public-sector banks accounted for 79 percent, 77 percent, and 61 percent of the total "loans and advances" provided by the scheduled commercial banks in 2001, 2011, and 2019, respectively.[8] The growth in the weight of the private sector in the Indian economy's provision of nonfood credit has occurred only in recent years, and even then, it remains relatively low. For instance, in 2019, the private sector accounted for only 39 percent of the total loans advanced. Hence, it is clear that the provision of credit that facilitated the spurts of investment in fixed capital in general, and in equipment and machinery in particular, was largely funneled through public-sector banks.

We can now summarize our answer to the second question: What has driven economic growth in India? Economic growth has been driven by investment in equipment and machinery by the private corporate sector. That investment, in turn, has been largely spurred by the provision of credit by public-sector banks. In the next section, I look at the distributional features of India's growth. But before that, one issue must be addressed.

The analysis of the temporal pattern of aggregate economic growth in the first section showed that the service sector has been the main location of growth; the analysis of the determinants of aggregate growth, in the second section, identified private corporate investment in equipment and machinery as the leading

8 Annual report of the Reserve Bank of India (RBI), 2019 and various years.

Table 2. Poverty and Inequality in India

		POVERTY LINE = $1.9 USD PER DAY	
	Total Population (millions)	**Proportion of Poor (% of Population)**	**Number of Poor (Millions)**
1983	749.43	54.8	410.69
1987	837.47	48.93	409.77
1993	945.6	45.86	433.65
2004	1129.62	38.17	431.18
2009	1234.28	31.07	383.49
2011	1265.78	21.23	268.73

Note: The international poverty line of $1.9 USD per day at 2011 purchasing power parity exchange rates is the poverty line for extremely poor countries; the

driver. This might raise a question for the reader: Equipment and machinery investment is concentrated in the industrial sector — and yet we have identified the service sector as the main location of growth. Isn't there a contradiction here? There is not, because investment in equipment and machinery can occur in the service sector as well. Those segments of the service sector that have been at the forefront of growth in India — business services (including IT), communication services, banking services, community services (including education and health), and hotels and restaurants — do require investment in equipment and machinery.[9] Hence, there is no contradiction between the sectoral story, where the service sector is seen to lead growth, and the capital accumulation story, where the private corporate sector's investment in equipment and machinery, financed by public-sector bank credit, is understood to be driving growth.

9 For a study of India's service-sector growth, see Poonam Gupta and James P. F. Gordon, "Understanding India's Services Revolution," IMF Working Paper 04/171, International Monetary Fund (2004).

Table 2. (cont.)

Source: PovcalNet, World Bank.

POVERTY LINE = $3.2 USD PER DAY		
Proportion of Poor (% of Population)	**Number of Poor (Millions)**	**Gini Coefficient**
-	-	0.321
-	-	0.326
81.1	766.88	0.327
75.2	849.47	0.368
69.9	862.76	0.375
60.4	764.53	0.378

international poverty line of $3.2 USD per day at 2011 purchasing power parity is the poverty line for lower-middle-income countries.

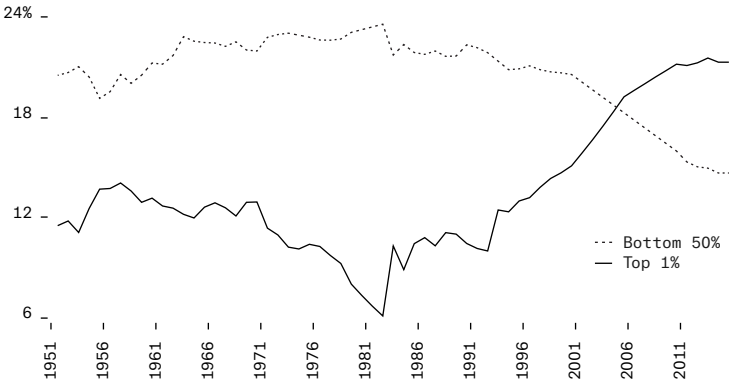
NATURE OF GROWTH

Three defining characteristics of Indian economic growth have been its markedly unequal distribution across income groups, regions, and states; its weak translation into improvement of development indicators; and its dismal record of employment generation.

Poverty and Inequality

There is no doubt that, since the early 1980s, *real* per capita incomes have increased across the whole income distribution in India. This has led to rapid reductions in measures of income poverty, like the head count ratio. But this positive assessment regarding poverty reduction must be seriously tempered by two facts. First, rapid poverty reduction is observed only if we use an extremely low poverty line; second, a much broader range of development indicators, relating to nutrition, health, housing, and education, has failed to improve significantly. Part of the

Figure 7. Share of national income accounted for by the top 1% and bottom 50% of income earners



Source: World Inequality Database (wid.world)

explanation for this apparent paradox rests on the disequalizing character of the growth process. A large body of research conclusively establishes that inequality in the distribution of income has increased since the 1990s.[10] Therefore, the benefits of growth have flowed disproportionately to the upper ends of the income distribution.

Table 2 and Figure 7 summarize some crucial evidence regarding the evolution of income poverty and income inequality in India. Table 2 presents evidence about income poverty, measured as the proportion of the population whose consumption expenditure falls below a particular level (this is known as the head count ratio), using two different "poverty lines." The first is the international poverty line of $1.9 USD per person per day, at 2011 purchasing power parity exchange rates. This poverty line is used by the World Bank to study poverty in what it categorizes as

10 Sreenivasan Subramanian, and Dhairiyarayar Jayaraj, "The Evolution of Consumption and Wealth Inequality in India: A Quantitative Assessment," *Journal of Globalization and Development* 4, no. 2 (2013): 253–81.

extremely poor countries. The second poverty line is $3.2 USD per person per day, at 2011 purchasing power parity exchange rates, which is relevant for studying poverty in lower-middle-income countries. According to the World Bank, India became part of the lower-middle-income group of countries in 2009.

Using the poverty line relevant for lower-middle-income countries, we see that India's head count ratio was 81.1 percent in 1993, 75.2 percent in 2004, and 60.4 percent in 2011. Thus, in 2011, only about 40 percent of the Indian population was above the poverty line. Such a high level of poverty translates into a very large number of poor people. In 1993, India had 767 million poor people; about two decades later, in 2011, India still had 765 million poor persons. Of course, if we use the poverty line relevant for "extremely poor countries," we see a much rosier picture in terms of declining poverty, both in terms of the head count ratio and the number of poor people. But that is not the correct poverty line to use — certainly not from 2009 onward — because India was categorized as a lower-middle-income country in that year.

Let us now turn to a study of inequality. The last column in Table 2 gives the Gini coefficient of consumption expenditure. This is a measure of the inequality of expenditure in the population, and it takes a value between 0 and 1. A Gini coefficient of 0 implies a perfectly equal distribution; a Gini coefficient of 1 implies the most extreme inequality. In between, the Gini coefficient increases as the distribution becomes more unequal. From the last column of Table 2, we see that the Gini coefficient has increased steadily, from 0.321 in 1983 to 0.378 in 2011. Thus, inequality of consumption expenditure has increased steadily over the period of India's growth transitions.

The increase in expenditure inequality is mirrored by the increase in income inequality. In Figure 7, I have plotted the share of national income going to the top 1 percent and bottom

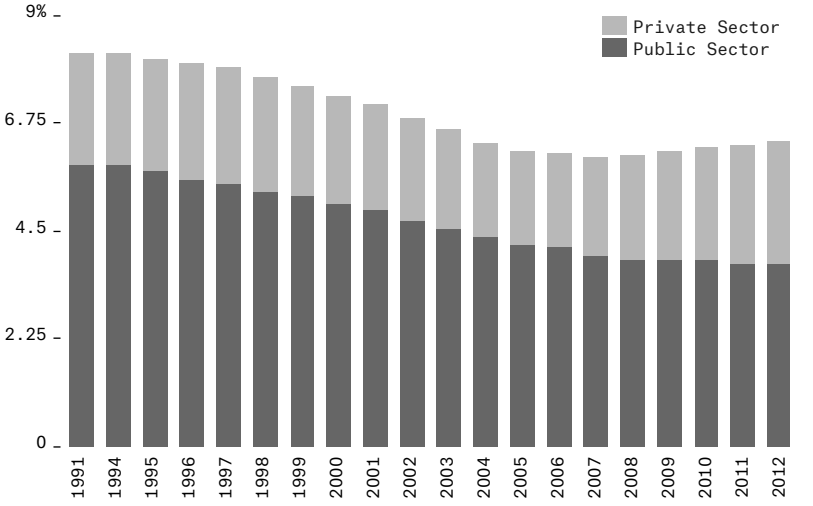
50 percent of income earners between 1951 and 2015. How has income inequality changed since the Indian economy started its growth acceleration in the early 1980s? In 1982, the top 1 percent of income earners took 6.1 percent of national income; in 2015, the top 1 percent of income earners received 21.3 percent of national income. Thus, the share of national income going to the top 1 percent of income earners increased by about 244 percent over the period of high growth. This should be contrasted to the fortunes of the bottom 50 percent of income earners. Their share of national income declined from 23.6 percent in 1982 to 14.7 percent in 2015 — a decline of 38 percent. Thus, both income and expenditure inequality has increased in India since the early 1980s.

The Problem of Employment

The disequalizing nature of growth in India over the past few decades is directly related to India's problems with employment generation. After all, income from employment is one of the main channels through which the benefits of economic growth are distributed across society in a capitalist system. India's employment record is dismal, to put it mildly. The growth process has not managed to generate enough high-quality jobs. We can see this by tracking employment in the unorganized sector and informal employment. Before looking at the evidence, let us understand the distinction between the two: the distinction between organized and unorganized refers to sectors; the distinction between formal and informal refers to employment.

According to a 2007 report of the National Commission for Enterprises in the Unorganized Sector (NCEUS), the unorganized sector "consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis

Figure 8. Organized sector employment in India as a proportion of the labor force



Source: Economic Survey of India 2019–20 (for employment) and World Development Indicators (for labor force), World Bank.

and with less than ten total workers."[11] The key features of enterprises in the unorganized sector are that they are unincorporated and small in size (fewer than ten workers). All other enterprises comprise the organized sector — that is, all incorporated firms and all unincorporated firms that employ ten or more workers. The distinction between formal and informal employment is slightly different. It refers to conditions of employment and not to the characteristics of the firm. According to the NCEUS, informal employment *does not* provide "employment security (no protection against arbitrary dismissal) work security (no protection against accidents and illness at the work place) and social security

11 National Commission for Enterprises in the Unorganized Sector (NCEUS), *Report on Conditions of Work and Promotion of Livelihoods in the Unorganized Sector,* (New Delhi: Government of India, 2007): 3.

(maternity and health care benefits, pension, etc.)."[12] Thus, shares of both unorganized sector employment and informal employment give us an idea about the inadequacy of employment — the lower the share of unorganized sector employment and informal employment, the better the economy is doing in terms of employment.

The evolution of organized sector employment is represented visually in Figure 8. In the early 1990s, organized sector employment accounted for about 8.25 percent of the labor force; in 2012, it stood at 6.41 percent of the labor force. Thus, organized sector employment has declined as a proportion of the labor force over the period when the Indian economy recorded historically high growth rates of output. The implication is, of course, that unorganized sector employment has increased between the early 1990s and 2012.

The breakup of total organized sector employment between the private and public sector is informative. From Figure 8, we can see that in 1991, the public and private components of organized sector employment were 5.88 percent and 2.37 percent of the labor force, respectively; in 2012, the corresponding values were 3.82 percent and 2.59 percent. Thus, the decline in organized sector employment is largely accounted for by the fall of employment in the public sector — and the private sector has not stepped in to either fill the gap or increase the total.

While the distinction between organized and unorganized sector employment is useful, it does not give us a true picture of informal employment. This is because both the organized and unorganized sectors can generate formal and informal employment. The statistical basis to make a consistent distinction between formal and informal workers is available from 1999–2000.[13] In Table 3, I

12 NCEUS, *Report*, 3.

13 NCEUS, *Report*, pp. 3.

Table 3. Formal and Informal Employment in India (% of Total Employment)

	Informal Employment (%)	Formal Employment (%)
1999–2000		
Unorganized Sector	86.0	0.4
Organized Sector	5.2	8.5
Total	91.2	8.8
2004–2005		
Unorganized Sector	86.0	0.3
Organized Sector	6.4	7.3
Total	92.4	7.6
2011–2012		
Unorganized Sector	82.6	0.4
Organized Sector	9.8	7.2
Total	92.4	7.6
2017–2018		
Unorganized Sector	85.5	1.3
Organized Sector	5.2	7.9
Total	90.7	9.3

Sources: (1) NCEUS, 2007; (2) Salapaka, 2019.

provide data on the share of formal and informal employment in both the organized and unorganized sectors. In 1999–2000, 91.2 percent of workers were engaged in informal employment (of which 86 percent were in the unorganized sector and 5 percent in the organized sector) and 8.2 percent were in formal employment. In 2017–18, the proportions had barely changed at all: 90.7 percent of workers were engaged in informal employment (of which 85.5 percent were in the unorganized sector and 5.2 percent in the organized sector) and 9.3 percent were in formal employment. Despite a period of rapid economic growth, the basic structure

of employment in the Indian economy has remained largely unchanged. The vast majority of workers are engaged in informal employment in the unorganized sector.

Social Indicators of Development

Juxtaposed to the disequalizing nature of growth and the dismal employment record has been the state's reluctance to step up expenditures on education, health, sanitation, housing, and nutrition. Together, they can explain the failure of economic growth to translate into rapid improvements in the material conditions of the vast majority of the population — a fact that has been emphasized in the insightful writings of Jean Drèze and Amartya Sen.[14] Let us look at some important indicators.

While enrollment in schools at the primary and secondary levels has increased over the past few decades, learning outcomes have lagged behind significantly. According to the 2017 Annual Status of Education Report (ASER), only 57 percent of Standard VIII students in rural India could do simple division of numbers, and only about 25 percent could read a Standard II text.[15] While the specification of learning outcomes from the National Council of Educational Research and Training (NCERT) show that 99 percent of Standard I students should recognize numbers up to one hundred, the 2019 ASER reports that only 41.1 percent of Standard I students can recognize a two-digit number.[16]

According to the 2011 Census (the latest for which data is publicly available), 31.16 percent of the Indian population lived in urban areas and 68.84 percent of the population lived in rural

14 Jean Drèze and Amartya Sen, *An Uncertain Glory: India and Its Contradictions* (Princeton: Princeton University Press, 2013).

15 ASER Centre, *Annual Status of Education Report 2017*.

16 ASER Center, *Annual Status of Education Report 2019*.

areas that year. Thus, India remains a largely rural country, a fact that is often forgotten. How do Indian households fare in terms of the basic amenities of decent living? In 2011, 69.3 percent of rural households and 18.6 percent of urban households did not have a latrine within the household premises; 82.1 percent of rural households and 38 percent of urban households did not have potable drinking water (tap water from a treated source); 59 percent of rural houses and 20.8 percent of urban houses were semipermanent or temporary structures; 62.5 percent of rural households and 20.1 percent of urban households used firewood as the primary fuel for cooking; 74.6 percent of rural households and 22.5 percent of urban households had no bathrooms within the premises; 63.2 percent of rural and 18.2 percent of urban households had no drainage facilities for waste water; and for 70.3 percent of rural and 16.7 percent of urban houses, the primary material of the floor was mud.[17]

In India, indicators of adequate nutrition among the population are poor. Even as per capita real expenditures have risen since the early 1980s, per capita calorie and protein intake have declined.[18] While anthropometric measures, such as wasting (low weight for height) and stunting (low height for age) in children and BMI (body mass index) in adults, have improved over time in India, they remain low by comparative standards. On many measures, India performs worse than many Sub-Saharan countries that are much poorer. According to the latest available data with the World Bank, 17.3 percent of children under the age of five in India had low weight for height in 2017. Only two countries fared worse than India: South Sudan and Djibouti, though data for these countries

17 Census India, *2011 Census Data* (New Delhi: Office of the Registrar General & Census Commissioner, India; Ministry of Home Affairs, Government of India, 2011).

18 Angus Deaton and Jean Drèze, "Nutrition in India: Facts and Interpretation," *Economic and Political Weekly* 44, no. 7 (2009): Table 1.

were only available for earlier years (2010 for South Sudan and 2012 for Djibouti).[19]

Let me summarize the main findings regarding the third question addressed in this paper: the distributional dimensions of Indian economic growth have been markedly anti-poor. Poverty has hardly budged (if measured with meaningful poverty lines); expenditure and income inequality have steadily increased; and the improvement in broad measures of development (housing, health, education) has been slow.

IN LIEU OF A CONCLUSION

Based on the analysis presented in this paper, we can identify two major limitations of India's economic growth model. On the one hand, the process of growth has relied to a large extent on the continuous growth of bank credit; on the other hand, it has failed to bring about rapid structural change of the economy or address the problem of employment. These limitations can, if they are not addressed, stall the process of growth in serious ways.

The growth process, driven by private corporate investment in equipment and machinery, has relied on bank credit, funneled through public-sector banks, as its main impetus. But credit is a double-edged sword. While it facilitates investment by easing financing constraints, it also increases the stock of outstanding debt by setting up a series of future payment commitments. If income growth from previous credit-financed investment is not sufficiently large to pay off outstanding debt, or if deliberate policies of large capitalist firms are geared toward not paying off debt because the cost will be borne by public-sector banks, the financial fragility of the whole economy can increase. When debt

19 World Bank, "Prevalence of wasting, weight for height (% of children under 5)," https://data.worldbank.org/indicator/SH.STA.WAST.ZS.

accumulates and becomes large relative to the size of the economy, it can manifest as a stock of "non-performing assets" on banks' balance sheets. These assets signal a loss of income for banks, which can choke up the supply of future credit to the economy. Holding back the flow of credit can limit the growth process, especially because growth has relied upon it so heavily in the past. The rapid increase in corporate debt and the slowdown of investment since the late 2000s seems to be partly driven by such a dynamic, highlighting one of the contradictions of Indian economic growth.[20] But even if this contradiction is addressed, we will be left with a deeper problem: slow structural change.

The slow structural transformation of the economy, the stubborn persistence of what W. Arthur Lewis called the "traditional" sector, the complete lack of growth of good-quality employment, and the failure to translate economic growth into rapid improvement in development indicators highlights the second, deeper contradiction of the growth process in India. When aggregate economic growth has been strong, its benefits have disproportionately flowed to the upper end of the income distribution. When growth falters, as seems to have been happening from the mid-2010s, it will mean even more misery for the population of working people. The increasing misery of the working population could generate political movements for progressive social change and unravel the seemingly solid support for the current quasi-fascist regime — or it could be mobilized by the rising forces of reaction and fascism to further throttle democracy in India.

Why has economic growth in India not been accompanied, or facilitated, by rapid structural change? Structural change requires the reallocation of labor from the traditional sector to the modern

20 Arvind Subramanian and Josh Felman, "India's Great Slowdown: What Happened? What's the Way Out?" CID Faculty Working Paper No. 370, Center for International Development, Harvard University (2019).

sector. In sectoral terms, this boils down to moving a large segment of the working population from the agricultural sector and employing them in stable, well-paying jobs in the industrial or services sector. Good-quality nonagricultural jobs can only materialize when there is a robust and growing demand for the output of the nonagricultural sector. Moreover, the demand for nonagricultural output must be such that it can translate into demand for unskilled, and not highly skilled, labor. Only then will output growth be accompanied by the rapid absorption of labor from agriculture (which is likely to be largely unskilled).

Where will the demand come from? It can come from the export market, as was the case for Japan, South Korea, and China. Or it can come from the internal market — the home market. While export-led growth might have been feasible in the early decades of political independence, when competition for the developed capitalist countries' markets was relatively manageable, it is unlikely to be an option today. Competition for the markets of the developed capitalist countries is fierce among countries on the periphery of the global capitalist system. India must rely on the home market to generate demand for the output of the nonagricultural sector.

Since the growth of the post-1980s period has relied on highly skilled manufacturing and services, it has not only increased income inequality but also skewed demand for output away from mass consumption commodities. Demand for output that comes from the rich can typically only be satisfied by production that is capital-intensive and skill-intensive. To reorient domestic demand toward mass consumption, which can be satisfied by labor-intensive production, it would be essential to adopt policies that increase the incomes of the vast majority of the working population engaged in agriculture (where the largest and poorest section of working people conduct their labor). Hence, one of the important causes of the Indian economy's slow structural transformation is

the lack of growth in agriculture. This might seem paradoxical. How can growth in the agricultural sector facilitate the movement of labor out of agriculture?

What I have in mind is a virtuous circle of home market–based growth. Growth of incomes among the agricultural population will generate demand for the mass consumption output of the nonagricultural sector. The demand for nonagricultural output will translate into demand for labor in the nonagricultural sector, which will then facilitate a reallocation of labor out of agriculture. The only viable way of generating a broad-based economic growth process is to first base it centrally on the agricultural sector. The Nehruvian model, for all its positive aspects, ignored the agricultural sector. Part of the reason was the unwillingness of the Indian bourgeoisie to confront the landed interests head on. Hence, Nehruvian planned development failed to force through a program of thoroughgoing land reforms and lay the foundations of broad-based economic growth.

The architects of the neoliberal reforms of the early 1990s have replaced planned economic development with a market-oriented program of economic growth. The agricultural sector has been bypassed once again. No wonder the problem of structural transformation in the Indian economy remains largely unaddressed. From this arrested structural transformation follows all the features of economic growth in India since the early 1980s: a lack of growth of good-quality jobs, the persistence of informal employment, tardy poverty reduction (if meaningful poverty lines are used), an increase in income and wealth inequality, and the lack of translation of economic growth into rapid improvements in development indicators.

I would like to thank Debarshi Das for helpful comments on an earlier version of this article.

ABSTRACT

October's plebiscite was a major step in the political revolution against Chile's post-authoritarian neoliberal regime. Coming one year after a mass rebellion, the overwhelming support for a constituent assembly was made possible by years of labor and popular mobilization. If Chile's new road to socialism is to achieve genuine democracy and universalist reforms, workers will have to expand and deploy their emerging capacities.

Chile's Democratic Revolution

René Rojas

> Workers of my country, I have faith in Chile and its destiny. Other men will overcome this dark and bitter moment when treason seeks to prevail. Go forward knowing that, sooner rather than later, the *grandes alamedas* (great avenues) will open again where free men will walk to build a better society.
>
> — Salvador Allende's final speech,
> delivered on September 11, 1973

The tight US presidential contest has understandably diverted people's attention from two hugely important elections, separated by half a century, in a small country of the Global South. Fifty

years ago, Salvador Allende, Chile's martyred president, made history with his November 4, 1970 inauguration. And on October 25, 2020, worlds apart from Joe Biden's tiny margin of victory, a colossal majority of Chileans voted to draft a new constitution, prying open the *grandes alamedas* that had been slammed shut by the 1973 military coup that crushed Chile's socialist experiment. After decades of marginality, Chilean workers have roared back into the streets and voting booths, at long last resuming what is certain to be a grueling fight to reclaim genuine political and economic democracy. Allende and the thousands of militants killed or disappeared by Augusto Pinochet's dictatorship are smiling down on this unquestionable victory.

Chilean workers wrested the chance to rewrite the country's Pinochet-era constitution through costly struggles. Coming after years of revitalized protest, October 2019's popular rebellion forced the country's ruling elites to concede a plebiscite on a new national charter. Chile's battered working class was unequivocal: one year later, Chileans voted by an overwhelming four-to-one ratio to sweep the reigning constitution, and with it the whole neoliberal democratic order and political class, into history's *basural*.

Chile's insurgency does not yet spell the end of neoliberalism in one of its first laboratories. But the plebiscite, and the prior *estallido*, or explosion, that shattered the world's showcase for free-market reform, have indisputably laid bare the contradictory merger of political democracy and harsh economic liberalization. More important, Chile's revived mass rebellion has opened a political revolution from below that can forge a path to far-reaching reforms while fending off far-right, authoritarian populism. With Latin America in the throes of its second major crisis of neoliberal rule, all eyes are again on Chile. As it begins to chart a new road to socialism in the region, it will need to overcome the harm inflicted by a prolonged and brutal pro-business counterrevolution.

THE PROMISE OF THE VOTE

The plebiscite is a great watershed. It is a decisive step in an ongoing process of regime change from below that opens the door to deep social reform. With ruling-class legitimacy in tatters, the Chilean masses finally seized the initiative and toppled Chile's post-dictatorship political order.

More than thirty years ago, Chileans voted to end the Pinochet regime that had ousted Allende's Popular Unity government. But that process of democratic transition was tightly constrained. A consolidated business class controlled the settlement, which was designed to restrict the scope for progressive reforms. Besides preserving the charter imposed by Pinochet in 1980, the center-left coalition that took power in 1990 expanded the free-market policies and development model passed on by the military's neoliberal technocracy.

As a result, the basic legal framework protecting the sanctity of private investment, extreme deregulation, and social commodification went unchallenged. The fragmentation and disorganization of Chile's working class deepened, while extreme inequality and economic insecurity became further entrenched. This time around, however, Chilean elites have lost the power to impose continuity. Thanks to the rebellion's magnitude, workers and the poor seized the chance to overturn the institutional and policy bulwarks of neoliberalism in the upcoming constituent assembly.

Whatever the outcomes of delegate elections and the convention itself, the results of the October 25 plebiscite are exhilarating. Whereas in the 1988 plebiscite, 56 percent of Chileans overcame fear and distrust to vote no when asked whether they wished to continue living under authoritarian rule, in today's Chile, 78 percent rejected the charter that has guided the country ever since. Increased turnout and overwhelming support for scrapping the 1980

constitution signal a near-complete repudiation of Chile's neoliberal regime and the will to fight for a deep, egalitarian democracy. A plebiscite-day poll revealed that three-fifths of those who wanted a constituent assembly prioritized transforming the neoliberal model and guaranteeing social protections. Last month's multitudinous dancing in the streets resembles the eruption of joy in 1988. But while that earlier episode of collective euphoria celebrated liberation from the dictatorship's yoke, the current one rejoices at the possibility of liberating social life from the tyranny of the market.

The combination of rebellion and mass voting insurgency accomplished what five progressive governments were unable or unwilling to do over the course of twenty-five years in office. The center-left *Concertación*'s ruling strategy intimately bound its program and leadership to its business patrons. Moreover, it embraced — and benefited handsomely from — the 1980 Constitution's oligarchic, two-party voting system. The few attempts at reforming the constitution or changing basic regulatory legislation were either watered down before passage or listlessly advanced and subsequently defeated.

The last jumbled attempt to place constitutional reform on the agenda came under Michelle Bachelet's second presidency and flopped disastrously.[1] The center-left's reforms repeatedly fell short because they aimed to tweak formal legislation and institutions while leaving intact core tenets of commodification and corporate supremacy. This was the case in 2016, when Bachelet proposed that legislators from both pro-market power-sharing coalitions draft the rules of any future constituent process. It also characterized successive tepid labor reforms, all of which preserved work flexibilization and obstacles to organizing that were

1 Peter M. Siavelis, "Bachelet Is Back: Reform Prospects and the Future of Democracy in Chile," in *Gender, Institutions, and Change in Bachelet's Chile*, ed. Georgina Waylen (New York: Palgrave Macmillan, 2016).

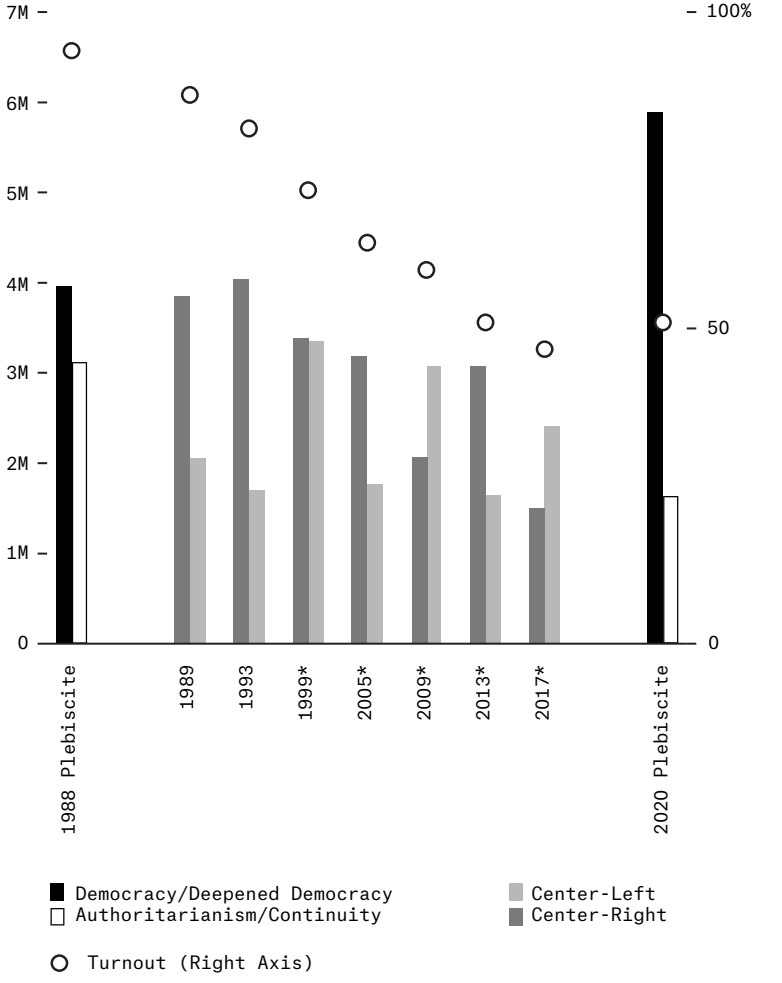
enshrined in the 1979 *Pan Laboral* (penned by José Piñera, the older brother of Chile's current lame-duck president, Sebastián Piñera).[2] Bachelet's 2008 and 2015 changes to social security and schools, respectively, also maintained the central role of markets and capital in pensions and education.

The plebiscite thus represents a categorical rejection of the dominant coalitions that have blocked meaningful reform. Answering the ballot's second question, four in five voted against allowing current lawmakers to be involved in a "mixed convention." In no uncertain terms, Chileans spurned the whole party system and political class, casting them as far away as possible in the upcoming redefinition of baseline political and social rights. Neither power-sharing bloc was spared. The almost 6 million votes cast for a new constituent assembly dwarfed recent totals for both the dominant center-left and the presently governing center-right.

When progressive darling Bachelet was last elected in 2013, she barely scraped together half of those votes. Indeed, the most her *Concertación* coalition ever pulled in were 4 million ballots in 1993, when hopes for post-authoritarian change were still high. In the most recent presidential election, the Socialist-led alliance mobilized barely a quarter of the Chileans who are now demanding a wholesale constitutional makeover. In those 2017 elections, the current right-wing president, Piñera, took less than 2.5 million votes; in three of the past six election cycles, his alliance's total vote share roughly matched the ballots cast in 2020 to preserve the neoliberal constitution. In sum, while the hardcore, pro-Pinochet elite sectors have been discredited — left dispirited and tottering — the "progressive" center-left project has likewise been discarded and set adrift.

2 Fabricio Carneiro, "Unpacking Reforms: Unions and Labor Reforms in Moderate Lefts," *Revista de la Facultad de Derecho* 47, no. 115 (2019).

Figure 1. Vote totals and turnout in Chile's post-transition elections and plebiscites.*



*First-round results

Sources: Servicio Electoral de Chile, "Primerias Gobernadores Regionales 2020,"; Sebastián Rivas, "Los datos que permitirán entender los resultados del plebiscito," La Tercera, October 25, 2020.

The momentous character of the plebiscite thus stems from its place in a wider and so far successful *political* revolution undertaken by Chile's poor and frustrated masses. Before widespread rebellion scared ruling elites into meaningful concessions, Chileans settled for the only available options. Throughout the democratic neoliberal period, support for the unresponsive dominant coalitions predictably declined, steadily at first and then precipitously. Since 2002, the figure for those reporting scant or zero trust in ruling parties has hovered around 80 percent or higher. In other words, just over ten years into the transition, the vast majority of Chileans — the same proportion that has now voted to rewrite the constitution — had lost faith in all parties.

In spite of this evaporating partisan credibility, roughly three-fifths of Chileans still clung to and identified with one of the regime's leading coalitions until the mid-2000s. By 2018, 83 percent spurned any party identification, and barely 14 percent reported any faith in parliament. The verdict of ordinary Chileans was plain: the post-authoritarian regime had defrauded them. In 2018, nine out of ten reported feeling disappointed in their democracy.[3] This is not to say that they rejected democracy per se — indeed, almost two-thirds continued to believe democracy was the best form of government. For Chileans, the problem has been market democracy, with its political and institutional bulwarks. After a month of nonstop mass and disruptive mobilization thrust a real choice onto the agenda, they voted, by towering margins, to finish with the ancien régime.[4]

Considering the intensity with which poor Chileans have condemned the reigning system, criticisms of last year's parliamentary

3 Programa de las Naciones Unidas para el Desarrollo, "Diez Años de Auditoría a la Aemocracia: Antes del Estallido," January 24, 2020.

4 René Rojas, "Can the Chilean Uprising Survive the Pandemic?", *New Labor Forum* 29, no. 3 (Fall 2020).

negotiations that produced the concession are confounding. As the national revolt escalated, and fires burned throughout Santiago and other major cities, edgy representatives from most of Chile's parties hastily hammered out an agreement delivering the plebiscite. With their feet held to the fire, on November 15, 2019, they signed the eleventh-hour *Acuerdo por la Paz Social y la Nueva Constitución* that faithfully reflected a popular longing for political transformation.

Chile's Communists immediately denounced the pact, decrying its elitism and questioning its legitimacy. Congressman Hugo Gutiérrez disparaged the concession as an end run around the people's will, dismissing it as a "life jacket" for the government and "nothing but a top-down constitutional reform which will merely be ratified by a referendum."[5] Other progressive analysts suggested the agreement had hijacked the rebellion's authority and undermined the "spontaneous organization of *cabildos* — local assemblies — from which this informal constituent process [was] starting to take shape."[6] The harshest condemnation was reserved for forces in the new left Frente Amplio coalition that played a key role in persuading the regime's most reliable parties to sign.[7]

The Frente Amplio, which split as a result, later made a baffling error in backing legislation that criminalized protest and has generally failed to live up to its potential. However, its behavior that fateful night has been vindicated. A bottom-up process could never have overturned the ruling institutions and, particularly in the wake of the pandemic, would most likely have served to defuse the

5 Hugo Gutiérrez, "Chile Needs a Political Revolution," interview by Denis Rogatyuk, *Jacobin*, December 29, 2019.

6 Camila Vergara, "Chile Can Be a Laboratory of Popular Democracy," *Jacobin*, November 23, 2019.

7 René Rojas, "The Return of Chile's Left," *Jacobin*, December 6, 2017.

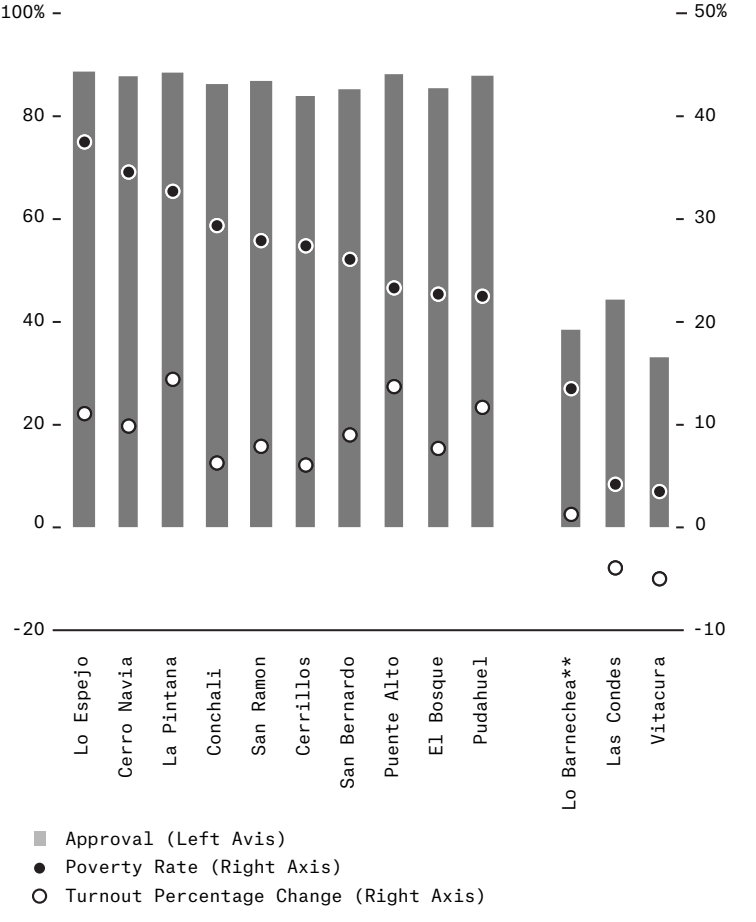
movement. It was not realistic to think of toppling the government via unending street escalation, given the low levels of organization and strategic coordination that still hamper popular forces. While disruption on the streets and in workplaces certainly wrested the promise of a plebiscite, it was only those at the highest echelons of state power who could have granted the concession.

The pact may have given the right-wing government a respite, but when we take account of the inevitable protest fatigue that would have set in anyway, it is now clear that the agreement produced a wildly popular goal for Chile's masses to pursue, along with the time needed to coalesce a solid reform bloc. Fortunately, the immaturity and opportunistic rivalry plaguing the Chilean left might be abating. Unity within the organized left, as well as among radical parties, rising social movements, and the still amorphous anti-neoliberal constituencies among workers and the poor will be indispensable in order to capitalize on this unprecedented opportunity and complete the political revolution now underway.

THE WORKING-CLASS STEAM AND COLLECTIVE FOUNDATIONS BEHIND THE PLEBISCITE VOTE

By offering a genuine option for change, the plebiscite reenergized Chile's demoralized and alienated electorate. From the 1988 referendum onward, turnout sank incessantly, falling from an exemplary 94 percent in 1989 to a US-style 47 percent by 2017. The opportunity to rewrite the basic rules of the game reversed this precipitous trend. For the first time since Chile's March 1973 parliamentary elections, in which Allende's Popular Unity won 44 percent of the vote, voter turnout rebounded, rising 4 points. After nearly fifty years when working Chileans were denied meaningful political alternatives, even this increase is promising. (Turnout would have been higher if not for the pandemic: according to polls,

Figure 2. Approval and turnout change* in Santiago's poorest and wealthiest townships.



* Difference in voter turnout relative to 2017 national elections.

** While Lo Barnechea has a relatively high poverty rate, it concentrates many of the highest incomes in Santiago.

Sources: "El mapa del Plebiscito 2020: Cómo se dibujó el triunfo del Apruebo en las comunas del país," Emol, October 26, 2020; "Estimaciones de Tasa de Pobreza por ingresos por Comuna, Aplicación de Metodologías de Estimación para Áreas Pequeñas (SAE) 2017"; Sebastián Rivas, "Los datos que permitirán entender los resultados del plebiscito," La Tercera, October 25, 2020.

up to 40 percent of those who sat out the plebiscite did so due to fear of COVID-19 or residence requirements.[8])

No longer cornered into choosing the lesser evil between center-left and center-right neoliberals, Chile's working poor fueled the turnaround. Voting figures in Santiago's most marginal districts illustrate this point. Along with provincial centers that contain industrial enclaves, the capital city's poor townships posted the highest approval tallies. Santiago's ten poorest inner communes each surpassed the 83-point mark, with many close to 90 percent. All significantly increased turnout in comparison to 2017 — half of them by 10 percent or more.

In a similar fashion, workers drove high turnout and pro-reform votes in cities with sizable proletarian concentrations up and down the country, including Antofagasta (84), Valparaíso (83), Rancagua (83), and metropolitan Concepción (75–80). On the other side of the class divide, large majorities voted to keep their beloved constitution. Of course, Chilean elites in the country's wealthiest locales anticipated a heavy defeat, and, as their shrunken turnout shows, many resigned themselves to that outcome and stayed home.

Contrasting last month's vote with the 2016 local elections reveals the support of workers for regime change in starker terms. In Lo Espejo, for instance, where nearly two-thirds of the population is trapped in poverty, half of voters backed the center-left mayoral candidate. In total, however, just 12,000 ballots were cast for the two major coalitions.[9] This time, nearly 51,000 residents voted, of which 45,000 demanded a new regime. In La Pintana, where three decades of market revolution had reduced 35 percent of the population to destitution, the center-left and center-right

8 Cadem, "Plebiscito y la Franja," November 2020.

9 "Resultados Municipales 2016," *Emol*.

practically tied in 2016, splitting 15,500 votes. Now, almost 64,000 residents voted for change. Finally, the mostly working-class voters in Puente Alto, where a quarter of the population lives in poverty, opted overwhelmingly for Piñera's party in 2016, when it received four-fifths of the vote. But those 67,500 right-wing ballots were crushed four years later by the 202,000 ballots cast for a different regime. In total, the number of mainly impoverished Chileans who now voted for sweeping change was four times greater than those who had previously settled for the lesser-evil options put before them. As in these populous townships, there was near-monolithic working-class support for a constituent assembly throughout Chile.

Although the enthusiasm among workers and the marginalized poor certainly reflects their feelings of pent-up resentment, it is impossible to imagine the plebiscite's crushing victory having come about without the accumulated experience of collective action over the past decade. This crucial cycle of insurgency laid the foundations for Chile's broader transformative process and the results of the referendum. Two critical moments shaped the road to last month's vote and, more generally, contemporary working-class formation. The first, more proximate episode was the October 2019 popular rebellion itself. The second was the longer-term organizational development that preceded the vote and forged its programmatic steadfastness and coherence. Together, they illuminate the strengths of the political revolution underway, as well as the shortcomings it must still overcome.

Last October's rebellion rested on volatile foundations. The vast sectors surviving in the margins of Chile's informal sector launched it and sustained its disruptive power. They were moved by spontaneous rage, typically acting in pursuit of their immediate material needs and often propelled by the ferocity of alienation. The fact that many young rebels have ties to criminal networks

makes them unreliable material for a sustained and disciplined struggle — at least for now.

But we must also recognize that their courage and sacrifice established the basis for more expanded and coordinated forms of mobilization in subsequent weeks. Even after Piñera declared a state of emergency on October 19, 2019, sending the military into the streets, the revolt spread. Army and militarized police repression led to nearly 4,500 arrests and 1,700 serious injuries in its first two weeks. *Carabineros* discharged tear-gas grenades and birdshot at the faces of protesters and revived the practice of sexual abuse as a standard form of torture against detainees. The regime threw its harshest violence at the furious informal workers, yet their resolve held firm.

As Chile's poor resisted and pressed forward, impoverished middle layers, key labor sectors, and a reinvigorated women's movement joined the protests, helping to formulate coherent demands. Pot-banging *cacerolazos* in central squares broadened the movement's actions. On October 25, 2019, one week after the initial eruption, over a million people — more than one sixth of the capital's population — poured into Plaza Italia, Santiago's epicenter. Hundreds of thousands more marched in other cities and towns. Meanwhile, semi-spontaneous rioting continued. While small and medium-size businesses did suffer, multinational chains took the brunt of the looting, especially Walmart supermarkets: in the first couple of days alone, 125 of the company's superstores were looted, with ten scorched. A week into the upheaval, the rebellion had cost big retail alone $1.5 billion. Revenue from tourism fell by over a third. According to official counts, damage to public infrastructure reached $4.5 billion, while turmoil within and beyond the gates of workplaces wiped out 300,000 jobs.

In no uncertain terms, the informal poor's costly defiance and disruption, and the broadened collective action it inspired,

compelled the government to give in. It also thrust whole neighborhoods into coordinated resistance and gave a cadre of young natural leaders useful tactical training. Given the atomization and extreme competition of their precarious livelihoods, it will be exceptionally difficult for them to remain organized in a longer-term popular struggle. But with more than 40 percent of Chilean workers in the informal sector, they will — and must — have a part in the political revolution. Against the odds, the emerging movement will have to find a role for Chile's hard-pressed informal masses.

But last year's days of rage in October and November are not sufficient to explain the steadfastness and consistency of last month's vote. Behind its shared class grievances lies a decade-long groundswell of labor and community insurgency that popularized the anti-neoliberal program and gathered crucial social forces. Although this preceding protest cycle was patchy and never unified Chile's new rebels into a single bloc, it involved powerful labor sectors and restored mass direct action to national politics.

The precursor to the generalized protest wave that took hold of Chile was a resurgence of student and wildcat rebellions during Bachelet's 2006–10 first term. They reflected the mounting social marginalization under neoliberalism on the one hand, and the development of new collective capacities for disruption on the other. As with last year's explosion, a bus fare hike triggered the student movement in 2006. Weeks of mobilizations brought national attention to deep inequalities in Chile's decentralized district schools and voucher-funded for-profit charters.

Around the same time, outsourced copper workers, whose ranks had swollen more than twentyfold since 1990, struck in the tens of thousands in 2007 and again the following year. For the first time since the early 1970s, the wildcat wave challenged the near-absolute domination by employers throughout the country's

worksites. Subcontracted mining employees demanded incorporation into the state-owned mining industry's bargaining agreements. The *pingüino* and *contratista* rebellions foreshadowed the movements that emerged during the following decade.

Beginning in 2011, during the media-dubbed "year of demonstrations," university students unleashed a mobilization that grew from roughly 100,000 participants in May to around 600,000 by its August zenith.[10] Chile's second "*pingüino* revolution" translated mass discontent into concrete demands for system-wide reforms. It also initiated a cycle of more pervasive collective action. As mass popular upheaval returned to national politics, indigenous Mapuche communities rebelled, regionalist alliances revolted, and environmentalists marched in growing numbers.[11]

The decade's rising and virtually continuous protest cycle rested upon a labor revitalization that spread into other industries without receiving as much attention as it deserved. After a low point in the mid-2000s, workplace organizing and industrial actions began a steady recovery. Whereas in 2005, workers only managed to stage thirty strikes in manufacturing, nine in transport, and two in construction, by 2013, there were 200 major stoppages involving more than 30,000 workers and costing 415,000 days of work. Miners, dockworkers, and teachers shut down their industries in annual rounds of sector-wide mobilization. By 2016, 150 wildcat strikes rattled Chile's economy each year.

After decades of defeat, Chile's working class had developed new organizational capacities, and it was routinely deploying its strength in strategic sectors like mining and ports. Emboldened

10 René Rojas, "Chile: Return of the Penguins!", *Against the Current* 157 (March/April 2012).

11 Adrián Albala and Victor Tricot Salomon, "Social Movements and Political Representation in Chile (1990–2013)," *Latin American Perspectives* 47, no. 4 (2020): 131–49.

by labor's resolute exertion of its structural leverage, and encouraged by the expansion of student and communitarian movements, retirees and women joined in. In July 2016, 750,000 elderly people marched to demand an end to privatized pensions; the following year, 2 million Chileans paralyzed Santiago in support of the No Más AFP (no more private pension funds) movement. Feminist protests grew from an already impressive 800,000 marchers in 2019 to reach 2 million on this year's International Women's Day.

The plebiscite's outcome would have been unthinkable without the role these campaigns played in activating and guiding Chile's working masses. The 2006–13 student movement and subsequent teacher strikes, along with the more recent and combative women's marches, fueled the uniform turnout of the country's urban youth. Years of communitarian struggles against corporate depredation in ecological wastelands like Freirina and Petorca stirred nine in ten residents of those provincial towns to vote for reform.

Environmentalists have described Mejillones, another town that voted yes overwhelmingly, in similar terms as a "sacrifice zone" in rebellion. But its 90 percent pro-reform vote, along with Huasco's, is just as likely to have been the result of recurring insurgencies among its miners and dockworkers since 2007. A major port for copper exports, Mejillones was at the heart of a 2012–13 multiterminal strike wave up and down Chile's coast. San Antonio, the other strike epicenter, delivered 40,000 votes — 89 percent — for a new constitution.

Mining districts that have experienced militant wildcat strikes for several years all returned enormous pro-reform results. This includes figures of 81 percent in Los Andes, home to the Río Blanco complex, 84 percent in Calama, home to the historic Chuquicamata megapit, and 91 percent in Diego de Almagro, where in 2015 a rebel contract miner was assassinated as wildcat strikes escalated in the El Salvador complex. The victories that piled up

as strategic workers flexed their industrial muscle unquestionably drove the people of these proletarian centers to once more deploy their collective capacities, this time channeled through the ballot.

Recent workers' fights also reverberated throughout economic hubs that were not involved in Chile's ten-year cycle of protest. In particular, agro-export sites, which employ one-tenth of the working population and swell with hyper-exploited seasonal labor during harvest season, were swept up in the pro-change vote. These include Illapel (89 percent), Monte Patria (88.5 percent), and Curicó (78 percent) in the fertile central valley heartlands. Astoundingly, rural locations characterized by traditional agriculture and semi-subsistence mini farming also voted by large (if somewhat less spectacular) majorities for a new constitution. Last decade's wave of labor struggles appears to have inspired voters even in small towns and peasant centers that had long been bastions of the Right.

Although Chile now has a real opportunity to write social and economic rights into a fresh set of fundamental laws, the task of completing the political revolution will be onerous. Even with growing organization and militancy in key sectors, Chilean workers still have to overcome uneven and historically low levels of structural power and associational capacity. Although union density has increased from 12 to 20 percent over the past ten years, according to official figures, it remains far below its 1972 high point of 33 percent. Moreover, only about one in ten unions operates beyond individual workplaces — many among multiple mini locals within single worksites — and unionization is much weaker in retail and services, sectors that employ two-thirds of the active population.[12]

12 "Organizaciones Sindicales," Departamento de Estudios, Dirección del Trabajo, Anuario Estadístico 2018.

With informality engulfing as many as two-fifths of all workers, more than one in seven formal wage employees subcontracted, and now a pandemic-induced recession reducing employment levels by nearly 20 percent, the challenge is daunting. While the constitutional precepts that blocked the potential for reform under democratic neoliberalism may have been politically defeated, workers must quickly start to build their organizational capacity if they are going to convert this resounding vote into an effective convention majority.

PUSHING BEYOND THE PINK TIDE?

Many left-wing activists and analysts have declared that, just as Chile was the place where neoliberalism began, it will end there, too. Perhaps — but as yet, neoliberalism has by no means run its course as the prevailing order. Throughout Latin America, the neoliberal growth model is certainly in crisis, and ruling elites are struggling to develop strategies for maintaining this precarious accumulation regime. The Chilean rebellion and plebiscite have exposed the deep incompatibility between free markets and social commodification on the one hand, and a thriving, fulfilling democracy on the other. It has also revealed a broad willingness and new capacities to fight for a true social democracy. The rebellion and electoral insurgency have sounded the death knell for the post-authoritarian political system that managed the country's market counterrevolution for decades. But considerable work remains to be done if Chilean workers are to bury the overarching neoliberal order.

Although the outcome of Chile's political revolution remains uncertain, its trajectory may point to a novel path for radical change in Latin America. The last time mass movements succeeded in throwing out neoliberal regimes in the region, they produced the Pink Tide. Those experiences, which brought reform

governments to power in Argentina, Bolivia, and Venezuela in the early years of this century, share a number of features with recent developments in Chile. But events leading to the country's new charter — a prolonged escalation of protest built on top of growing working-class capacities, a massive social explosion, and an overwhelming popular electoral mandate for deep reform — also diverge in important respects from their predecessors. These differences could assemble the elements for a new Chilean road to socialism.

Three core and interconnected developments characterized the Pink Tide's emergence.[13] The first stemmed from the neoliberal transitions previously experienced in Argentina, Bolivia, and Venezuela. In all three countries, former corporatist states and their leading parties had adopted Washington Consensus prescriptions. This meant that ruling parties with historically incorporated labor bases abruptly embraced liberalization, deregulation, and social service commodification. In doing so, they threw hundreds of thousands of their former working-class supporters into informality and cut them off from partisan organizational links.

This process is closely bound up with the second key Pink Tide characteristic. The abrupt embrace of market reforms and cutting loose of popular constituencies helped produce sudden and rapidly escalating revolts from newly marginalized sectors of the working class and peasantry. Consequently, these post-corporatist neoliberal governments were toppled, not long after the initiation of aggressive liberalization, by waves of mobilization launched by fragile, newly built movements of informal workers and peripheral communities.

Finally, and partially because of the built-in weakness of the Pink Tide's new social bases, once in power, progressive leadership

13 René Rojas, "The Latin American Left's Shifting Tides," *Catalyst* 2, no. 2 (Summer 2018).

teams were compelled to found or consolidate new ruling parties, while bolstering the popular organizations that had backed them. Bolivia and Venezuela did set about organizing constituent processes to reframe the political order, yet in many ways, these assemblies merely served to institutionalize new ruling forces. This necessity drove the reformers to nurture constituencies among the informal poor in ways that backed their rule, relying on novel forms of clientelism to put down roots among supporters who lacked their own independent sources of social power.

Although not lacking its own dangers, Chile's insurgent experience shares many positive features with the Pink Tide, but without its most damaging handicaps. Whereas the Pink Tide emerged from a post-corporatist neoliberal transition, Chile's mass revolt grew out of a much more stable and protracted consolidation and eventual decline of the free-market order. Post-dictatorship neoliberalism in Chile came with a welcome political re-enfranchisement of the mases, rather than sudden social and economic marginalization — something that had already occurred under the dictatorship's gun barrels after 1973.

Several essential points follow from this. On the one hand, after a long period of apparent success, the failure of Chile's democratic neoliberalism to reverse inequality or deliver meaningful social protections generated a prolonged crisis of legitimacy. On the other hand, an extended cycle of protest took shape alongside the regime's unraveling credibility. That is to say, the post-authoritarian center-left's popular constituencies did not find themselves abruptly severed from party patronage networks and thus did not respond with sharply escalating revolts; instead, they embarked on a much slower, at first halting, reconstruction of class capacities.

As Chilean workers repudiated the regime's dominant coalitions, they painstakingly rebuilt mass movements from scratch. And because Chile's economy grew robustly into Bachelet's

2014–18 second term, workers had more than two decades in which to learn how to take advantage of their strategic location in vital industries — namely minerals, transport logistics, and, to a lesser extent, forestry. Sitting on this potential source of power, rebelling Chilean workers were able to use their organizational capacity to good effect. Finally, the extended failure of Chilean neoliberalism allowed labor and the poor to rebuild their associational resources from below, in advance of a showdown with central power. As a result, the popular classes have not had to rely on organizational support from state officials. Chile's protracted political revolution has given popular sectors the time and political safeguards in which to build the capacities they need.

The distinctive character of the Chilean road stands out in comparison with Brazil's recent experience. Like Chile, Brazil went through a democratic transition to neoliberalism that bypassed the Pink Tide's post-corporatist volatility. Similarly, its ruling progressives, under the Workers' Party (PT), managed to establish a more enduring and stable pro-market order, which also later fell into a deep crisis of legitimacy. The crucial difference, however, is to be found in the trajectory of its working-class and popular capacities. When the PT-led regime went into a tailspin, Brazil's laboring classes had experienced a long decline in mobilization. The spontaneous protests and short-lived revival of public-sector strikes in 2013 did not reverse the overall trend. As a result, a far-right populist outsider, Jair Bolsonaro, was able to capitalize on the crisis as Brazil's working class, more fragmented than ever, watched helplessly.

Chile's workers and poor have their work cut out for them if they wish to go beyond ousting the formal governing system of post-authoritarian neoliberalism. Years of mobilization that have already severely punished elite interests have brought them this far. In order to transform the social character of Chilean democracy,

however, they will need to develop broader, less fragile, and more disciplined forms of popular power. A nascent partisan left, still splintered, prone to infantile moralizing, and disconnected from workplaces and neighborhoods, has enormous ground to make up. Chile's contemporary left simply has not had the time to build up its organizational capacity, in stark contrast to the rise of Allende's Popular Unity coalition, when the Communist-Socialist alliance matured side by side with rising popular movements.

As a result, the established parties, for all their decomposition, enjoy a head start. The inability of Chile's radicals to direct the rising working-class insurgency is all the more troubling when we consider Chile's enormous gaps in working-class organization, on the one hand, and the supermajorities required to ratify any redrafted charter, on the other. Even with overwhelming popular support for a new constitution, a recalcitrant elite minority will try to block the most elementary social-democratic refoundation. These obstacles have pushed Chile's new insurgents to make common cause with sections of the discredited center-left in order to win a foolproof single-slate majority.

Fortunately, there is still time to complete the political revolution. Delegate elections are scheduled for April 2021, giving Chile's new and old partisan radicals — Frente Amplio and the Communist Party — time to form a solid alliance and strengthen their ties to the country's insurgent movements. The assembly will deliberate for months before the August 2022 deadline for a referendum to approve its work. Rebellious workers will need those months to demonstrate that, just as they have punished the country's ruling elites over the past decade, they will use the same power to punish the assembly if it does not chart the right course on Chile's new road to socialism.

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ABSTRACT

Touré F. Reed's *Toward Freedom: The Case Against Race Reductionism* presents a forceful critique of race reductionism and makes a persuasive case for the return to a redistributive, public goods approach to governance. Reed brilliantly shows how black political actors have used race reductionism to defeat social democratic policies that would disproportionately help working-class blacks and reveals race reductionism to be a class politics that reinforces black precarity.

REVIEW

Touré F. Reed, *Toward Freedom: The Case Against Race Reductionism* (London: Verso Books, 2020)

Which Black Lives Matter?

Preston H. Smith II

Despite the fact that social science, literature, and popular culture increasingly recognize class distinctions among African Americans, the triumph of race reductionism suggests that this recognition has not extended to political analyses, action, and policy.[1] Analyses of the problems facing African Americans continue to assume that racial inequality burdens all blacks more or less equally, and that proposals to reduce that inequality should therefore apply to the racial group as a whole. This shortsightedness has a real and pernicious impact on the material needs of poor

1 Cedric Johnson, "The Triumph of Black Lives Matter and Neoliberal Redemption," *nonsite.org*, June 9, 2020.

and working-class blacks. That is, the hegemonic unitary black politics rarely allows space for direct debate on the most effective approach to material improvement for the black working class. In fact, the topic has only recently surfaced during the candidacy of Senator Bernie Sanders for the Democratic Party nomination in 2016 and 2020 — and it did so in a form that pits a race-first policy approach against a public goods framework for reducing racial inequality. Both plans, at least on the surface, appeared to be equally helpful to black voters. Those in support of race-targeted public policy argued that their plan, by definition, would reduce racial disparities for all African Americans. Proponents supporting a broad redistributive approach countered that since working-class blacks have disproportionate material needs, they will be helped disproportionately by an approach that bolsters economic security for all. To emphasize their point, corporate Democrats and left identitarians flung the charge of "class reductionism" at Sanders, arguing that a public goods approach that helps a broad working class cannot adequately reduce racial disparities because it fails to disrupt "structural racism" or "systemic racism," and that only a race-targeted approach can do this.

It is not surprising that Touré F. Reed's compelling new book, *Toward Freedom: The Case Against Race Reductionism*, uses the Sanders campaign to ground his critique of race-first programs, such as reparations and other sundry means-tested programs to reduce the "racial wealth gap."[2] *Toward Freedom* is a forceful response to the spurious charge of class reductionism against the Sanders campaign and a persuasive case for the return to a redistributive, public goods approach to governance. As Reed argues, poor blacks' lives will only *matter* when they have a living-wage

2 Touré F. Reed, *Toward Freedom: The Case Against Race Reductionism* (London: Verso Books, 2020), 161–2.

job and affordable access to health care, housing, and higher education — goals which are more likely to be achieved by a public goods approach than by an approach that relies on benefits trickling down from aiding black entrepreneurs, banks, or private black colleges and universities.[3]

Reed has produced a rigorous intellectual and political history that reveals the inaccurate historical and political claims that underlie race reductionism, beginning with its distortions of the history of the New Deal. The defensible claim that blacks did not receive their fair share from the New Deal often morphs into the charge that they did not receive any benefits at all. In other words, the race reductionist criticism of the New Deal goes from racial discrimination to *racial exclusion*. The slope is admittedly slippery, and race partisans end up discrediting the public goods *approach* that the New Deal featured during the 1930s and 1940s rather than zeroing in on the limitations imposed by a resurgent capital. *Toward Freedom* includes a full assessment of how African Americans did and did not benefit from the New Deal, thus providing a necessary corrective to a crucial underpinning of the race reductionist case. Reed makes it clear that blacks did not receive their fair share from the New Deal; however, to simply stop there is intellectually dishonest and politically reactionary.[4] In his first chapter, "When Black Progressives Didn't Separate Race from Class," Reed shows that African Americans benefited, sometimes disproportionately, from the New Deal in receiving relief, public employment, and housing. Just as important, he points out, was the New Deal labor legislation, which turned out to be a foundation for civil rights policy from the 1930s to the 1960s. After all, there was a reason

3 Reed, *Toward Freedom*, 7–8, 161.

4 Richard Walker, "An Off-Color History: How *The Color of Law* Misrepresents the Origins of Racial Segregation," *Berkeley Daily Planet*, June 17, 2019.

why African Americans changed their political loyalty from the Republican Party to the Democratic Party after 1932 despite the segregationist bulwark represented in its southern wing.

Reed's fuller account of African Americans and the New Deal is just one example of the historical method he employs to great effect. He examines the ideas of Oscar Handlin, Daniel Patrick Moynihan, Barack Obama, and Ta-Nehisi Coates and excavates the building blocks of the race reductionist argument in rich and nuanced individual chapters (2–4). These building blocks include assumptions such as: racial/ethnic groups are the primary mode of political action in American society; black poverty is *distinct* from white poverty due to either whites' permanent racism or blacks' culture of poverty; liberal Democratic administrations, following the New Deal, favored universal programs that either discriminated against or excluded African Americans. Reed's focus on race reductionism as an obstacle to the material improvement of poor and working-class African Americans raises the question of what we actually mean by that concept.

UNDERSTANDING RACE REDUCTIONISM

Ethnic Pluralism and Black Politics

Race reductionism depends on an analytical framework that treats racial and ethnic groups as the basis for identity and affinity, and for making claims on the state. Historian Oscar Handlin's ideas about socially cohesive racial/ethnic groups as basic units in a pluralist political system uncoupled from the broader economy underpin race reductionist ideology. Building on the work of political scientists Dean Robinson and Cedric Johnson, Reed criticizes Handlin for promoting the false idea that ethnic-specific culture rather than government-conferred benefits such as unionized employment and subsidized mortgages were responsible for

ethnic group mobility.[5] By adopting Handlin's ideas of ethnic group mobility, a wide range of political actors, from the black political class to #Black Lives Matter (BLM) activists, assume the idea of a unitary group politics that, perhaps unwittingly, reinforces the legitimacy of professional-managerial-class leadership and obscures both existing disparate interests and the often class-skewed distribution of costs and benefits of group-based politics.[6] This approach, as Reed attests, has consistently failed to adequately address the needs of the most vulnerable members of ascriptive identity groups.

The Exceptionalism of Black Poverty

Another key feature of race reductionism is black exceptionalism.[7] Despite the gesture of avoiding an "Oppression Olympics," its adherents, by specifying and highlighting *anti-black racism*, announce its exceptional nature in distinguishing it from garden-variety racism. It is the idea that while other people of color suffer from white racism, since they haven't experienced slavery, Jim Crow, ghettoization, and mass incarceration — at least to the degree that African Americans have — they fall short on the victims-of-racism barometer. In order to avoid the counter-solidaristic nature of the claim, black activists maintain that opposition to anti-black racism is key to dismantling white racism and overcoming the domination of other identity groups. However, black exceptionalism legitimates

5 Cedric G. Johnson, "The Panthers Can't Save Us Now: Anti-Policing Struggles and the Limits of Black Power," *Catalyst* 1, no. 1 (2017): 57–85; Dean E. Robinson, *Black Nationalism in American Political Thought* (Cambridge: Cambridge University Press, 2001); Reed, *Toward Freedom*, 51.

6 Adolph Reed Jr, *Stirrings in the Jug: Black Politics in the Post-Segregation Era* (Minneapolis: University of Minnesota Press, 1999); Dara Z. Strolovitch, *Affirmative Advocacy: Race, Class, and Gender in Interest Group Politics* (Chicago: University of Chicago, 2007).

7 Johnson, "The Panthers Can't Save Us Now."

the claim of black activists to primary leadership roles in social justice movements. Nonblack people, no matter their organizing skills, experience, or politics, are relegated to "ally" duty.

Black exceptionalism forms a basis for Coates's claim that black poverty is distinct from white poverty as justification for reparations for African Americans. While Coates would not countenance Moynihan's black family matriarchy and "tangle of pathology" thesis, he finds himself in agreement with the late senator on the exceptional nature of black poverty. Even though Coates and Moynihan have different reasons for arguing that black poverty is not the same as white poverty, as Reed shrewdly shows, they share a common conception of culture as static and nonmalleable.[8] For Moynihan, the cause of the distinction is poor blacks' dysfunctional culture, which rendered them unable to take advantage of the fruits of "the affluent society."[9] While Coates rejects *this* version of culture, he assumes its same fixed nature as Moynihan does, by contending that a permanent racist culture means whites will inexorably produce and benefit from expropriating black wealth, which he sees as the source of disproportionate black poverty. In essence, Reed argues that Coates and Moynihan's shared embrace of culture as an explanation for black poverty stems from their rejection of political economy.[10]

To his credit, Coates's racial economic analysis at least focuses on the value and profit earned by the exploitation of black labor and wealth. Unfortunately, rather than treating the extraction of value and profit as an inescapable feature of capital, which benefits disproportionately (but not solely) white owners and managers, Coates sees all whites engaging and benefiting from "black plunder." For

8 Reed, *Toward Freedom*, 104, 119.

9 Reed, *Toward Freedom*, 85.

10 Reed, *Toward Freedom*, 105.

Coates, white racist culture pervades irrespective of time or place, which helps to explain the motivation and persistence of an anti-black inequality.[11] His wholesale substitution of whites for capital is a defining feature of Coates's tendency to reduce American politics to transhistorical racism. Ironically, according to Reed, the problems with Coates's approach help us to better understand the weaknesses of the race reductionist argument for explaining racial inequality. A key construct of race reductionism is the reification of culture that treats anti-black prejudice and discrimination as unchanging features of white culture. Another supposition is the separation of African Americans from other people of color — or, for that matter, other working-class people — an extension of a black exceptionalist reading of American history, and one that, in this instance, justifies limiting state benefits primarily to African Americans. Rather than seeing the exploitation of working-class blacks as a regular feature of capital's "accumulation by dispossession" that robs all workers of their labor, resources, and "bodies," race reductionists credit that exploitation to an inexorable white racism that victimizes all African Americans more or less equally. Accordingly, instead of adopting a redistributive public goods approach and seeking the decommodification of labor, housing, health care, and education, race reductionists think the only legitimate response is a public policy that serves black needs exclusively.[12] Reed is careful to acknowledge the need for race-targeted programs such as affirmative action. What he rightly opposes is the idea that these programs *alone* will be able to penetrate the kind of durable inequality that impacts not only working-class blacks but also the fragile black middle class.

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11 Reed, *Toward Freedom*, 116.

12 David Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2005).

Reed turns next to a nuanced dissection of race and racism, observing that Coates and Obama's ideas about race and culture occupy two sides of the same racial coin.[13] While Coates's cultural nationalism makes him call out Obama's post-racialism, Reed intimates that the two share more common perspectives about race than at first appears. Despite the fact that their views on race are "diametrically opposed," what these "black emissaries of neoliberalism" share is taking racial inequality out of a political economy context.[14] Race is primary because, for both of them, the *cause of and solution to* racial inequality remain largely in the racial domain. For Obama, the lack of black upward mobility is due, at least in part, to poor blacks' failure to learn bourgeois norms, rather than to their inability to secure adequate income and social goods, which places him squarely in the tradition of racial uplift. Coates, on the other hand, blames an unchanging white racial prejudice and discrimination as the culprit for anti-black disparities, which only whites can remedy through atonement and compensation. Reed argues that both treat race and racism culturally without consideration for its material sources or the effectiveness of anti-racist policies to improve the material conditions of precarious black citizens. For instance, when anti-racists advocate race relations training, cultural tutelage, or even reparations, these proposals are curiously in line with neoliberal opposition to a state bent on downward redistribution and tight regulation of the market.[15] Reed

13 Reed, *Toward Freedom*, 102–3.

14 Reed, *Toward Freedom*, 103.

15 At least some conceptions of reparations involve the state, which makes them different from anti-racism training contracted by nonprofit and corporate organizations or voluntarist cultural improvement programs targeted to "disadvantaged youth" in civil society. What makes state-subsidized reparations neoliberal is not its anti-statism, but the idea that racial parity is the only or main metric of social justice that does not disturb neoliberalism. Adolph Reed Jr, "Antiracism: A Neoliberal Alternative to a Left," *Dialectical Anthropology* 42 (2018): 105–115.

persuasively argues that, in this case, separating race from class abets neoliberalism and is a class politics on its own.[16]

Historicizing Liberal Government

Reed reminds us that the liberal tendency to substitute culture for political economy emerged from a combination of the Cold War's repression of radicals and a pro-growth postwar economy tasked with managing endemic poverty and inequality, both of which worked to discredit the "social democratic promise" of the New Deal. Reed identifies the crucial turn in postwar political economy when culture supplants class in both the analysis of and solutions to poverty. In utilizing a historical materialist method, he draws important distinctions between the New Deal, Cold War, and War on Poverty regimes when it comes to specifying the ways capital has limited the reach and scope of liberal government. Unlike Coates, who sees an unswerving approach to the distribution of welfare state spending from FDR to Barack Obama, Reed shows how subsequent liberal and neoliberal regimes replaced the broadly redistributive policies of the New Deal with an assortment of means-tested government programs and voluntarism, such as cultural tutelage for "disadvantaged youth."[17]

What was lost in the shift in liberal governance during the 1960s? According to Reed, the answer was both clear and critical — fundamental even: the willingness to intervene in labor and housing markets in ways that promote economic security for black and other members of the working and middle classes. Reed reconstructs the debates over the direction of the War on Poverty. These debates pitted the Johnson administration's "institutional structuralism," which addressed poverty by promoting growth and

16 Reed, *Toward Freedom*, 10.

17 Reed, *Toward Freedom*, 125.

reforming institutions like the family, against an "economic structuralism" that supported redistributive policies, including public works endorsed by economists Charles Clinton Killingsworth and Leon Keyserling as well as left labor activists A. Philip Randolph and Bayard Rustin.[18] This is just one of the ways that Reed's careful scholarship makes important distinctions in liberal statecraft that show how postwar liberalism came to be dominated by a tendency to short-circuit state intervention. The result was the economic insecurity of the 1970s, which paved the way for neoliberalism. An ideological commitment to a transhistorical racism — which argues that racial inequality does not result from capitalist social relations so much as it stems from the permanent racist culture of whites — can actually mischaracterize the deep economic fault lines as existing mainly among rather than transcending racial groups.[19]

In the end, however, *Toward Freedom* not only critiques historians, social scientists, essayists, and liberal policymakers for analyzing racial inequality outside of the context of a capitalist political economy, but it functions as a model of historicized political economy itself. Reed's approach is evident throughout his scholarship.[20] As a historian of civil rights organizations, he is

18 Reed, *Toward Freedom*, 87–91, 97–8.

19 Adolph Reed Jr and Merlin Chowkwanyun, "Race, Class, Crisis: The Discourse of Racial Disparity and Its Analytical Discontents," *Socialist Register* 48 (2012): 149–75.

20 Touré F. Reed, "Granger's 'Challenge to the Youth,' Stein's Challenge to Historians: Industrial Democracy and the Complexities of Black Politics," *nonsite.org,* no. 29, September 9, 2019; Touré F. Reed, "Title VII, the Rise of Workplace Fairness, and the Decline of Economic Justice, 1964–2013," *LABOR: Studies in Working Class History of the Americas* 11, no. 3 (Fall 2014): 31–6; Touré F. Reed, *Not Alms but Opportunity: The Urban League and the Politics of Racial Uplift, 1910–1950* (Chapel Hill: University of North Carolina Press, 2008); Touré F. Reed, "The Educational Alliance and the Urban League in New York: Ethnic Elites and the Politics of Americanization and Racial Uplift, 1903–1932" in *Renewing Black Intellectual History: The Ideological and Material Foundations of African American Thought*, ed. Adolph

attuned to the "economic turn" national civil rights groups took in the 1930s to stay relevant to a working-class base. He reminds us that civil rights leaders in the 1930s and 1940s appreciated the positive impact that labor unions and labor legislation would have on their black constituents. Reed also makes sure the reader understands the importance of unionization and labor legislation to the material lives of the majority of black citizens. He does this in a variety of ways: by showing the role New Deal labor legislation played in shaping civil rights policy; by reminding us that African Americans are disproportionately unionized, and therefore particularly vulnerable to rollbacks in unionization by the neoliberal assault on the New Deal state; and by highlighting how Obama's failure to push for new labor legislation when the Democrats controlled Congress showed *all* workers what they could expect from his "hope and change" regime. Reed's attention to the availability *and* absence of unionization puts the material concerns of poor and working-class African Americans front and center in his analysis.

One of the benefits of employing a historicized political economy in social and political analysis is the discipline it imposes on policy proposals. That discipline demands that policy proponents pay attention to the effectiveness of alternative political strategies for delivering the policy change they seek. Reed demonstrates the efficacy of making proposals that have a credible pathway toward realization, and that offer the prospect of aiding the most people possible. Of course, the two are related. The greater the number of people who will benefit from a particular policy, the better the chances it will be instituted — and defended once implemented. Historicized political economy helps readers understand what it takes to build a popular movement through day-to-day organizing and develop the political skill to find common

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Reed Jr and Kenneth W. Warren (New York: Routledge, 2009).

ground with disparate constituencies. In *Toward Freedom*, Reed cites the example of A. Philip Randolph using the organizers of the Brotherhood of Sleeping Car Porters union campaigns to build the political infrastructure needed to launch the March on Washington movement in the 1940s.[21] The mechanics of building movements through everyday organizing and stitching together coalition support through a "convergence of interests" is underappreciated among current political commentators. It is striking how public intellectuals and Twitter activists can propose any manner of policy without thinking about *how* they would get that proposal passed in a union meeting or a state legislature, not to mention Congress. While demands for reparations for the descendants of slaves and the legions of other victims of a rapacious American capitalism are morally right, Reed argues, successful movements have never been dependent on moral rectitude. As he notes:

> Righteousness was not the basis for the movements that opened opportunities to black Americans. Emancipation and even Reconstruction were produced by a convergence of interests among disparate constituencies — African Americans, abolitionists, business, small freeholders and northern laborers — united under the banner of free labor. The civil rights movement and its legislative victories — including affirmative action and the War on Poverty — were the product of a consensus created by the New Deal that presumed the appropriateness of government intervention in private affairs for the public good, the broad repudiation of scientific racism following World War II and the political vulnerabilities Jim Crow created for the United States during the Cold War. To be sure, Reconstruction, the New Deal, the War on Poverty and even the civil rights movement failed to redress all of the

21 Reed, *Toward Freedom*, 42.

challenges confronting blacks. But the limitations of each of these movements reflected political constraints imposed on them, in large part, by capital.[22]

In many ways, this clear-eyed assessment is what leads Reed to doubt that a broad coalition of diverse political actors can be built to translate the demand for reparations into a viable program. He suspects nonblack people will not want to tax themselves in order to support either cash payments or programs solely targeted toward African Americans.[23] Some may dispute Reed's conclusions here, using as evidence the recent and massive anti-policing demonstrations nationwide, suggesting that the outpouring of black, brown, and white people into the streets represents a "multiracial movement" under black activist leadership. While there is an implication that "collateral benefits" will be available for brown and white people who confront anti-black racism, it is difficult to imagine people in those ascriptive categories sustaining their participation in a social movement that mainly or primarily benefits African Americans.[24] Reed has argued that unless nonblack working-class people can see real material benefits such as a living-wage unionized job, access to health care, or affordable housing from a movement, their work as "allies" or supporters will trail off. Only an approach that seeks broad redistribution, and that would produce economic security for the majority of working people, has a chance of building the kind of popular movement that can achieve the monumental task of reestablishing public-interest governance in the United States.

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22 Reed, *Toward Freedom*, 121.

23 Reed, *Toward Freedom*, 120.

24 Johnson, "The Panthers Can't Save Us Now"; Cedric Johnson, "Afterword: Baltimore, the Policing Crisis, and the End of the Obama Era," in *Urban Policy in the Time of Obama*, ed. James DeFilippis (Minneapolis: University of Minnesota Press, 2016), 302–21.

FROM RACIAL DEMOCRACY TO RACE REDUCTIONISM

The greatest value of *Toward Freedom* may lie in Reed's resurrection of long-neglected positions held by left labor activists and liberal policymakers during the New Deal and War on Poverty eras to argue against the rejection of class analysis in favor of an exclusive focus on race. Like all good historians, he helps us make sense of the current political landscape by critically examining past ideas, debates, policies, and movements. As Reed points out, the tendency toward race reductionism is not new to post-segregationist black politics. The call for reparations is just the latest iteration of the racialist public policy embraced by those black political actors who accept the limits of capital on liberal government.[25] Once on the margins of black political discourse, the call for reparations for African Americans, popularized by Ta-Nehisi Coates, has resonated with a wide range of black political actors, from a somewhat wary old-guard black political class to new-guard #Black Lives Matter and other professional activists. The popularity of reparations, which has become more of a cultural referent, or "brand," as Reed calls it, than a serious public policy proposal, shows the triumph of racial democratic ideology, even among a new cohort of progressive black politicos and activists, which has informed black interest group politics for more than fifty years.[26] Racial democracy seeks racial group inclusion measured

25 Where I think reparations is a departure from previous race-first policy is in its unapologetic black exceptionalism. In past iterations of racialist public policy, there was at least a pretense to include other racial minorities. Even though there are a few rhetorical gestures toward including "people of color" this time around, what is striking is that by highlighting anti-black racism and invoking the usual litany of special black oppressions, black identitarians are explicit about the need for a remedy exclusively for African Americans.

26 Reed, *Toward Freedom*, 120, 161. Black rich elites like Robert L. Johnson and Robert F. Smith have seized on the momentum of the George Floyd protests to

by parity in income, wealth, homeownership, and class structure and sees racial inequality as the primary obstacle to achieving a fully democratic polity in the United States.[27]

During the post-segregationist period, black politics has evolved from embracing racial democracy to basking in a heady race reductionism. Racial democracy as a civic ideology was a product of the interwar and postwar period of black interest groups' fight for inclusion in the United States' attenuated democracy. This fight was especially evident in the housing arena in the 1930s and early 1940s, when black civic leaders and black federal officials sought to expand public housing while making sure African Americans received their fair share. This policy direction illustrates black civic leaders' and policy elites' earlier commitment to social democracy as a means to realize their more long-standing racial democratic concerns. However, the weight of Cold War capitalism and the pragmatic pursuit of their class interests led them to advocate for racially inclusive homeownership and black-led urban renewal in the postwar era.[28]

Racial democracy and race reductionism share an emphasis on race and the rejection of class as the primary explanation for racial inequality. They both define and measure racial inequality

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push for a version of reparations consonant with bourgeois prerogatives and the black wealth disparities discourse. See, for example, Tommy Beer, "BET Founder Calls for $14 Trillion in Slavery Reparations," *Forbes*, June 1, 2020; Zach Budryk, "Billionaire Robert Smith Urges Top Companies to Consider Reparations, *The Hill*, August 12, 2020.

27 Preston H. Smith II, "The Quest for Racial Democracy: Black Civic Ideology and Housing Interests in Postwar Chicago," *Journal of Urban History* 26, no. 2 (January 2000): 131–57.

28 Preston H. Smith II, *Racial Democracy and the Black Metropolis: Housing Policy in Postwar Chicago* (Minneapolis: University of Minnesota Press, 2012); Smith, "The Quest for Racial Democracy"; Preston H. Smith II, "How *New* is New Urban Renewal? Class, Redevelopment and Black Politics," *nonsite.org*, no. 29, September 9, 2019.

in terms of racial disparity and seek to achieve a racial parity that leaves intact the class structure both within *and* outside the racial group. While racial democracy is no longer invoked by name, its chief tenets have lived on and expanded in the post-segregationist period, with the pervasive focus on racial parity as the solution to racial inequality while maintaining the status quo of capitalist social relations.[29] The changing demographics of the black population, and especially the class differentiation since the end of Jim Crow, have helped to transform racial democracy as a civic ideology into the race reductionism of the black professional-managerial class. Race reductionism, which overlaps with racial democracy in the postwar period, is different by virtue of its permeating the academy, media, and social media in ways that postwar black political elites could only have imagined.[30] While race reductionism has a long history, outlined by Reed, its more militant expression in our neoliberal era has emerged to combat a class reductionist straw man triggered by Sanders's advocacy for the redistribution of public goods.

A disturbing feature of race reductionism is the use of anti-racism as a cudgel to beat down social democratic policy proposals.[31] Bernie's loss to former vice president Joe Biden in the South Carolina primary and those of other Southern states in 2020 was proof enough for liberal and left identitarians that a broad redistributive agenda would not be embraced by "black

29 Walter Benn Michaels, *The Trouble With Diversity: How We Learned to Love Identity and Ignore Inequality* (New York: Metropolitan Books, 2006).

30 This permeation is especially pernicious in the way race-first thinking circulates on social media, which simultaneously fosters anti-intellectualism and conspiratorial thinking while also authorizing experiential knowledge as the only knowledge that matters.

31 Reed, *Toward Freedom*, 7, 161; Willie Legette and Adolph Reed Jr, "The Role of Race in Contemporary U.S. Politics: V.O. Key's Enduring Insight," *nonsite.org*, no. 23, February 11, 2018.

voters." Many political commentators suggested that Bernie's loss resulted from the pragmatism of black voters, who simply wanted to get President Donald Trump out of office and felt Biden was more electable. Whether Southern African American voters were anticipating the American electorate's rejection of Bernie's proposals as too far left (especially after listening to the corporate Democratic Party establishment's steady drumbeat of questions about Bernie's electability, despite or *because of* the polls that said otherwise) or found his proposals too left themselves (following the vitriolic opposition from the black political class headlined by South Carolina congressman James Clyburn), the outcome was the same. Some African American primary voters helped to sink the most progressive presidential candidate in a generation. It is foolish to blame "black voters" as a group for this outcome. However, some black voters in the age of black exceptionalism — who, despite being armed with Du Boisian second sight, are subject to the same ideological influence of a hegemonic neoliberalism that has questioned the possibility of public interest governance in the United States for at least a generation — remind us just how *unexceptional* black voters are.

Since the New Deal, if not before, black liberalism has insisted that government was necessary for achieving civil and social rights. But according to scholar Keeanga-Yamahtta Taylor's analysis of black voters and the Sanders candidacy, this axiom may be changing. In a *New York Times* op-ed, Taylor cited black voters' distrust of government as the basis for their skepticism toward Sanders's public goods agenda.[32] Taylor argues that Sanders missed opportunities to persuade black voters of how his agenda speaks to their interests. In particular, she lamented that Sanders's

32 Keeanga-Yamahtta Taylor, "Why Sanders Isn't Winning Over Black Voters," *New York Times*, March 14, 2020.

campaign did not "clarify his views on the relationship between race and class."[33] Having noticed the efforts by Sanders to express his opposition to racism and racial disparities repeatedly while pushing his public goods framework, I wonder how Taylor thinks he should have explained the relationship in ways that would matter to black voters. I also wonder why Sanders was expected to "clarify his views on the relationship between race and class" while the other candidates, especially the front-runner (now president-elect), were not. Finally, it is not clear to me that black voters would be moved more by an abstraction rather than proof of electability and the capacity to deliver real benefits.[34]

While it is plausible that distrust of government played a role in the voting choices of African Americans, the implication that this distrust results from the federal government's poor track record when it comes to treating African Americans fairly is more consequential. A significant contributor to this narrative is the "New Deal is racist" charge, and while I am not arguing that Taylor agrees with such an allegation, it seems odd that she did not acknowledge the role of left identitarians and progressive academics in contributing to a reflexive anti-statism by promoting ahistorical accounts of the US welfare state. It is this anti-statism that puts liberal activists and some left identitarians into the neoliberal camp.

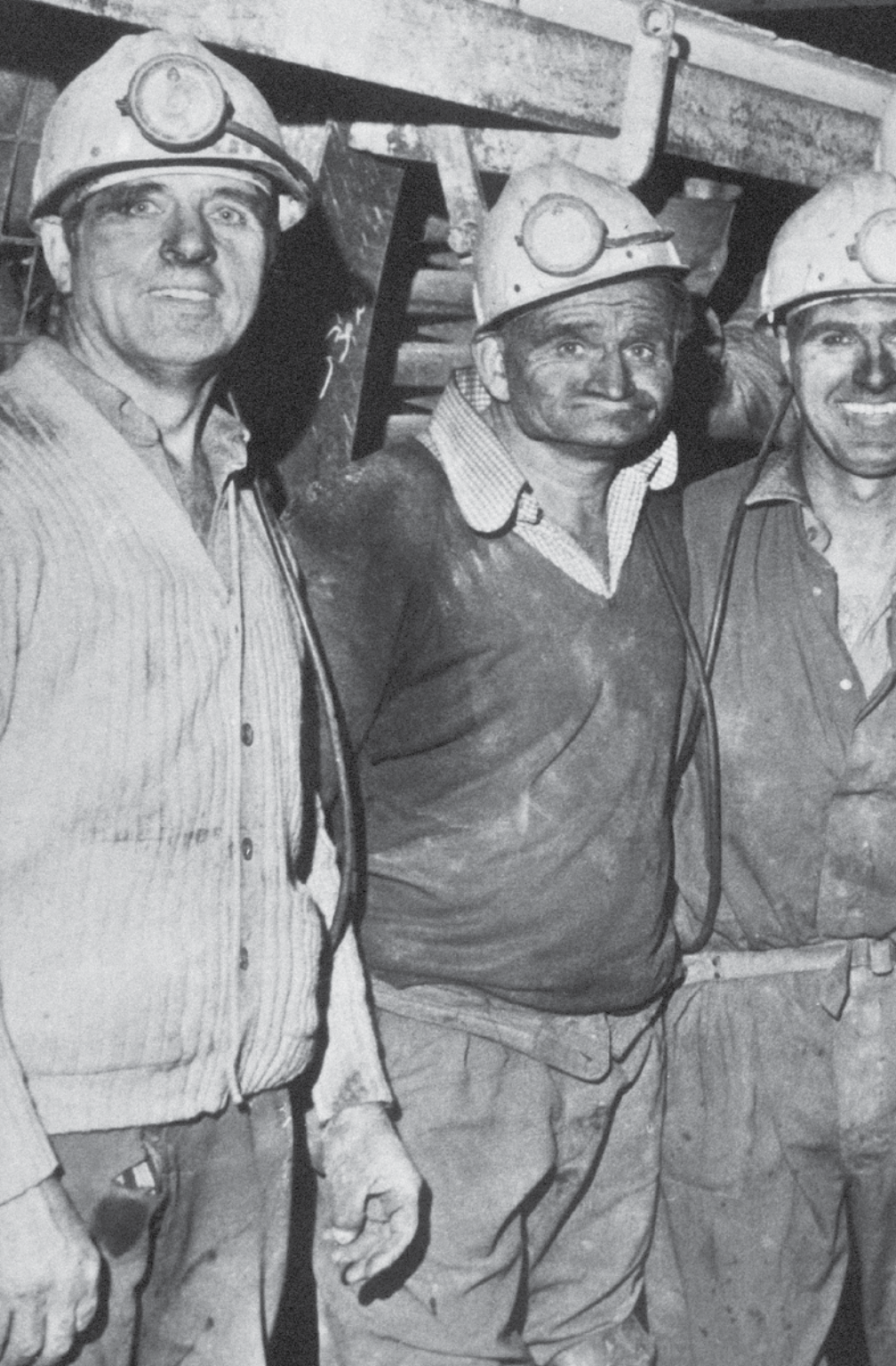
If nothing else, the embrace of race reductionism suggests that the black political class has nothing left in its tool kit beyond

33 Taylor, "Why Sanders Isn't Winning Over Black Voters."

34 In his article, "Bernie Sanders Reached Out to Black Voters. Why Didn't It Work?" (*Atlantic*, March 10, 2020), Adam Harris cites a number of experts on black voter behavior to explain how moderate they have become since 1970. Since both the academy and the media treat black voters as a monolith, we don't know if this is true for the whole group, or whether taking age and income into account might change their conclusions. See also Cedric Johnson, "Fear and Pandering in the Palmetto State," *Jacobin*, February 29, 2016; Cedric Johnson, "Let's Talk About South Carolina," *Jacobin*, August 11, 2020.

taking advantage of Democratic Party electoral opportunism for elite patronage and its detritus. While the new-guard BLM activists, left identitarians, and self-described black radicals feel they are responding to the needs of working-class blacks, unfortunately, their embrace of race reductionism favors a set of policies that have little prospect of aiding the precarious black folk they claim to represent. Whether intentional or not, the black identitarian vanguard is endorsing an approach that will largely aid elite and upper-stratum blacks in their interracial and intraclass competition with the white bourgeoisie for more status and resources.[35] Moreover, they are convinced that the only way to redress racial disparities is to target public and private benefits to African Americans directly, and to reject a public goods approach that, contrary to what they believe, will disproportionately help working-class black and brown people. It is this rejection that causes Reed to see race reductionism as a class politics of both the old and new black political classes. In fact, maybe when it comes down to it, poor black lives matter less to race reductionists than the lives of upper-strata African Americans. Reed's book reminds us of how black leftists, rank-and-file workers, and citizens fought simultaneously for civil rights, unionism, and the expansion of public goods — and it insists on the renewal of such struggles to advance the interests of working-class blacks and all Americans who have been dispossessed and forced into precarity by neoliberal capitalism.

35 Given that anti-racism is much more of a concern to upper-stratum blacks than working-class blacks, it is safe to assume that the real goal of race reductionism is for the black professional and managerial class to compete with their nonblack counterparts for a bigger piece of the shrinking neoliberal pie. See "Class Gradients in Current American Political Attitudes," *Policy Tensor* (blog), July 25, 2020. More than twenty-five years ago, political scientist Michael C. Dawson found a similar preoccupation with race by upper- and upper-middle-class African Americans. See *Behind the Mule: Race and Class in African-American Politics* (Princeton: Princeton University Press, 1994), 81–2.



ABSTRACT

Leo Panitch and Colin Leys's book *Searching for Socialism: The Project of the Labour New Left from Benn to Corbyn* provides some fascinating insights into the struggle that has marked the relationship between socialists and liberals within the Labour Party since its inception: the struggle to determine our collective conception of the possible. While the Left's current situation seems like a significant reversal of fortunes for many of those who were involved in the Corbyn project, it is important to acknowledge how ideologically weak the right wing of the party is today. Transforming the Right's ideological weakness into a socialist hegemony is, of course, another question — one that will require years of hard work and organizing.

REVIEW

Leo Panitch and Colin Leys, *Searching for Socialism: The Project of the Labour New Left from Benn to Corbyn* (Verso, 2020)

Corbynism After Corbyn

Grace Blakeley

The history of the Labour Party does not repeat itself, but it does rhyme. And *Searching for Socialism: The Project of the Labour New Left from Benn to Corbyn* — the recently published book by Leo Panitch and Colin Leys — provides a history of the New Left within the Labour Party that is long enough to identify some common themes. Questions of internal party democracy, of policy, and of relationships with unions and wider social movements have animated socialist parliamentarians and activists for many decades. But one part of this project stands out above others and provides a key source of continuity among socialists within the Labour Party since its inception: the struggle to expand our collective conception of the possible.

When reading *Searching for Socialism*, I was struck by the way in which, from one generation to the next, the project of the Labour Party's right continuously manifests itself through attempts to establish objective limits on what is and is not possible. These limits may come in the form of public opinion, the will of the markets, or the geopolitical balance of power, but they are always used in the same way: to dismiss those fighting for a better world as, at best, naive and, at worst, dangerous.

The constraints constructed by the Right do not, of course, come out of nowhere; the balance of class forces does create real limits on what a Labour government might be able to achieve when in office and what it can conceivably demand while in opposition. But the Labour right has often uncritically reproduced an ideology that delimits the scope of action much more narrowly than what might be expected, given the objective conditions at any one time. This ideology reflects both the power of neoliberalism on the right of the Labour Party and the proximity of its members to various elements of the ruling class — notably financial and business interests and various elements of the British state. Many on the party's right genuinely do believe that it is impossible (and, indeed, undesirable) to challenge the dynamics of, for example, neoliberal globalization — a view that is consolidated by their proximity to the UK's highly internationalized capitalist class.

The Labour left has generally failed to challenge the constraints imposed on policymaking by those on the Right. Doing so would require the strengthening of socialist ideology within the party, and the construction of a material base strong enough to withstand the countervailing set of forces the Right is able to marshal behind its agenda. Demonstrating the strength of popular demands for radical policies and developing avenues through which these preferences can be expressed is the only way to defeat the Labour right's project of casting socialist demands as

impossibly utopian. Attempts to democratize the party, strengthen the ties to the labor movement and social movements, and develop a real program of grassroots political education should be understood as the material foundations of this broader ideological imperative.

Today, the Left in the party is disillusioned, demotivated, and disheartened. The infighting, the loss of members, and the inability to win power in key institutions should all be deep sources of concern to socialists in the Labour Party. Coupled with the pandemic, the devastating economic outlook, climate breakdown, and the rising tide of right-wing authoritarian nationalism, there are plenty of reasons to be pessimistic as to the future of the Left after Jeremy Corbyn. But *Searching for Socialism* reminds us that leftists in the Labour Party have been fighting for the same vision for many decades, and in 2017, they came extraordinarily close to making this vision a reality. When it comes to the question of determining the possible — the issue that has defined the boundaries between socialists and liberals within the Labour Party for decades — there are many reasons to be hopeful.

Indeed, the lasting legacy of Corbynism will be to shatter many of the shibboleths held by the Labour right for decades. Amid so much incontestable evidence of the popularity of democratic socialist policies like expanding public ownership and imposing a Green New Deal, the Right can no longer insist that the public will not stand for programs that seek to shift the balance of power between capital and labor. Given the incredible expansion in the size of the party's membership under Corbyn, as well as the institutional power that these new left-wing members were able to build, it is no longer possible to claim that socialism will always be a marginal force within the Labour Party. And with hundreds of thousands of people giving up significant amounts of personal time to campaign for these policies, the Right can no longer assert

that the era of mass politics is over and that the party must consign itself to cartelization.

The Labour right did manage to successfully rid themselves of Jeremy Corbyn, without whom socialism in the party may well have been a spent force by now. But they have not managed to wind the clock back to a time when they held a monopoly on defining the possible. While our current situation seems like a significant reversal of fortunes for many of those who were involved in the Corbyn project, it is also important to acknowledge just how ideologically weak the right wing of the party is today. Transforming the Right's ideological weakness into a socialist hegemony is, of course, another question — one that will require years of hard work and organizing — and Panitch and Leys put forward many possible answers as to how this might be achieved. But we must bear in mind how close we came, and how far we have come, if we are to encourage socialists to continue the fight.

DEFINING THE POSSIBLE

The end of the postwar consensus and the birth of neoliberalism provide an interesting natural experiment in the art of defining the possible. The destruction wrought by World War II, and the unprecedented role played by nation-states in marshaling collective resources to respond to it, transformed both class relations and liberal ideology.[1] Unions had been empowered by the increasingly corporatist relationship between industry and the state, as well as the high levels of employment, that had marked the postwar years. Meanwhile, the growing acceptance of Keynesianism and an element of state planning among liberal intellectuals and state bureaucrats paved the way for the adoption of these policies — to

1 See Grace Blakeley, *Stolen: How to Save the World from Financialisation* (London: Repeater Books, 2019), for a more in-depth discussion of these trends.

a greater or lesser extent — by each of the postwar governments. In turn, the full employment policies pursued after the war, coupled with the construction of a national welfare state, increased working-class power — as was noted by Michał Kalecki at the time — and created a significant role for unions in national politics.[2]

The idea of a postwar "consensus" has been disputed by many scholars, and there did remain significant differences between the two major parties across many areas of policy throughout the postwar period.[3] But during this era, there was also a stark degree of agreement on what could conceivably be demanded from the state. Indeed, some level of state ownership, the targeting of full employment, and collective bargaining were all accepted by both major parties — battles tended to be fought over the extent of these interventions. How is it that, just a few decades later, privatization, the targeting of inflation, and austerity had all become commonsense policies for both major parties in the UK?

When studying this period of time, socialists tend to focus on the way in which Margaret Thatcher inserted herself into this chaos of the Winter of Discontent in order to successfully promote a neoliberal order based on an acceptance — or a welcoming — of the collapse of the postwar consensus.[4] But the right wing of the Labour Party was not far behind. As Panitch and Leys note in *Searching for Socialism*, it was the Labour governments of the time, led by Harold Wilson and James Callaghan, that first attempted

2 Michał Kalecki, "Political Aspects of Full Employment," *Political Quarterly* 14, no. 4 (October 1943): 322–30.

3 See, e.g., Paul Addison, *The Road to 1945: British Politics and the Second World War* (New York: Penguin Random House, 1975); David Dutton, *British Politics Since 1945: The Rise, Fall and Rebirth of Consensus* (London: Wiley-Blackwell, 1991).

4 Philip Mirowski and Dieter Plehwe, eds., *The Road from Mont Pélerin: The Making of the Neoliberal Thought Collective* (Cambridge: Harvard University Press, 2009).

experiments with monetarism and began to weaken the relationship with the labor movement that would be required to usher in the new era of finance-led growth.[5] These experiments, ultimately completed by Thatcher, facilitated the transition to neoliberalism in the UK. The argument made by the Labour right at the time was a familiar one: there was simply no other option.

Before Wilson stepped down, allowing Callaghan to become prime minister, the strains within the postwar consensus had become all but unbearable. Growing foreign competition, technological change, and financialization all steadily undermined the foundations of social democracy: credit controls, exchange controls, and centralized wage bargaining.[6] Ultimately, in the 1970s, the era of the "Trente Glorieuses" was showing signs of deep strain all over the rich world — but particularly in the United Kingdom, where financialization had progressed faster than in many other states, owing to the important role played by the City of London in national politics.[7] Panitch and Leys paint a vivid picture of the role played by these Labour governments in facilitating the transition toward neoliberalism, culminating in the election of Margaret Thatcher.

The most pressing concern for the government at the time was the growing balance of payments deficit, driven by the collapse of the Bretton Woods system of exchange rate pegging and the consequent sudden devaluation of sterling, which dramatically worsened the UK's terms of trade with the rest of the world. When

5 Leo Panitch and Colin Leys, "The Limits of Policy: Searching for an Alternative Strategy," in *Searching for Socialism*: The Project of the Labour New Left from Benn to Corbyn (London: Verso, 2020), 58–80.

6 For an interesting discussion of this period, see Leo Panitch and Sam Gindin, *The Making of Global Capitalism: The Political Economy of American Empire* (London: Verso, 2013).

7 Blakeley, *Stolen*.

the oil price spike hit, the situation deteriorated further. Both trends were responsible for driving up inflation, causing conflict between the bosses and the unions, whose members were continuously asked to adopt a level of wage restraint to combat inflationary pressure that was being generated by global economic trends over which they had no control. The pound continued to deteriorate, and it became harder for the government to borrow on international bond markets. Ultimately, Wilson went to the IMF for an emergency loan.

In 1976, Wilson opted — under some pressure from the IMF — to impose sweeping cuts to government spending. As Panitch and Leys note, "the government had announced the freezing of public expenditure in a White Paper detailing the most extensive cuts in social spending ever undertaken at that point in the country's history."[8] Callaghan — adopting an argument that would later be used by Conservative chancellor George Osborne — argued that, while deficits had once been seen as the solution to the nation's problems, they had now become their cause. Unions also bore some of the blame: their demands for wage increases in line with inflation had helped to drive the stagflation crisis that the government was attempting to tackle. These problems were simply insurmountable, Callaghan argued, using the Keynesian tools of the postwar years — the only way out was to yield to the power of the bond market.

Looking back, it may seem as though Callaghan and the Labour right had accurately identified the problem and were attempting to adopt a less extreme version of the solution ultimately imposed by Thatcher. Britain was beginning to lose its international competitiveness as productivity lagged relative to other nations, but unions continued to demand pay increases and expansionary

8 Panitch and Leys, *Searching for Socialism*, 71.

fiscal policy nonetheless. The result was that Britain's exports seemed even more expensive relative to those of its competitors, even after devaluation, and its debt appeared even less attractive to international investors. Restoring Britain's competitiveness and reducing its debt burden seemed to require exactly the prescriptions proposed by the neoliberals: wage restraint, restrictive monetary policy, and drastic cuts to government spending — as well as "supply-side" reforms like privatization and deregulation.

Those who have been following international political economy for the last several decades could be forgiven for believing that this was genuinely the only possible response to the crisis. The neoliberal victories of the 1970s played a significant role in ensuring that subsequent debt crises — whether in Sub-Saharan Africa, Southeast Asia, or Southern Europe — would be resolved in the same way. But there was, in fact, an alternative — and it was being proposed by the left wing of the Labour Party at the time. As Panitch and Leys highlight in their description of this episode, the party made an active decision to uncritically adopt the diagnosis and cure peddled by the neoliberal establishment, and to ignore the plan B put forward by Tony Benn and others. They write, "There should be no underestimation of the contribution this Labour government made, as it sought to justify its policies, to legitimating the notion that 'there is no alternative' to monetarism."[9]

Tony Benn's Alternative Economic Strategy (AES) has some commonalities with both the import-substituting investment strategies pursued by Global South governments in the postcolonial period, and the solutions to the European sovereign debt crisis put forward by progressive elements within the European Union. The competitiveness problem would be solved not with deflation but with public investment. Rather than prioritizing immediate

9 Panitch and Leys, *Searching for Socialism*, 73.

cuts that would ultimately be likely to constrain the economy's productive capacity over the long term, the focus would be on supporting domestic industry, investing in infrastructure and research and development, and controlling capital mobility to provide time and space for the necessary adjustment to take place as well as to shield the government from speculative attacks on its currency.[10]

However, the AES was far more radical than anything that had come before it in its desire to promote a "democratically controlled economy."[11] Benn was keen to ensure a break with the Morrisonian model of public ownership that had dominated the British state's approach since World War II. He wanted workers and, indeed, citizens themselves to be directly involved in production in state-owned companies and in the provision of public services. Many of the proposals put forward in Labour's 2017 and 2019 manifestos draw directly from this heritage of economic and industrial democracy developed by the Labour left during the crisis of the 1970s.[12]

Just as they have during more recent crises, powerful governments, international organizations, economists, and the financial press pushed the idea that such policies were nonsense, and that the only reasonable response to the crisis was a combination of wage restraint and cuts to public spending. Back then, even these neoliberal proposals were somewhat radical, as they involved a significant break with the Keynesian orthodoxy of the postwar period. Without the uncritical adoption of these policies by the Labour Party during the crisis of the 1970s, which dealt

10 Tony Benn, *Alternative Economic Strategy: Response by the Labour Movement to the Economic Crisis* (London: CSE London Working Group, 1980).

11 Panitch and Leys, *Searching for Socialism*, 75.

12 See, e.g., The Labour Party, "Alternative Models of Ownership: Report to the Shadow Chancellor of the Exchequer and Shadow Secretary of State for Business, Energy and Industrial Strategy" (London: The Labour Party, 2017).

the final blow to Keynesianism and ultimately facilitated the rise of Thatcher, these ideas may never have gained the hegemonic power they enjoy today. There was an alternative response to this crisis — just as there was an alternative response to the Global South debt crisis, and to the Eurozone sovereign debt crisis — but the Labour right dismissed it as unrealistic, naive, and probably impossible, lending huge support to Thatcher's electoral battle cry "there is no alternative."

MONETARISM, GLOBALIZATION, AND ATLANTICISM

By the 1980s, balanced government budgets, privatization, union-bashing, and financial deregulation were all rapidly becoming the new economic orthodoxy in the UK. There was a material basis to this transition: the collapse of the postwar consensus had created a confrontation between labor and capital, ultimately resolved in favor of the latter, at least in part due to preexisting global trends like financialization, monopolization, and technological change that were working in capital's favor. But the ideological foundations of this shift — laid just as much by the Labour right as by the neoliberal vanguard — are also critical to understand. These foundations supported three political pillars that served to define the conditions of possibility for successive British governments for decades to come: monetarism, globalization, and Atlanticism.

The turn to monetarism was driven in part by the breakdown of the relationship between inflation and employment that was a central part of Keynesian full employment policy. In the 1970s, unemployment and inflation were rising at the same time, which meant that attempts to use fiscal policy to combat both problems simultaneously were doomed to failure. The stagflation of the 1970s was clearly driven by the global trends outlined above: the

breakdown of Bretton Woods, the growth of global competition, and the spike in oil prices. But that did not stop the monetarists from putting forward an alternative explanation: the crisis was being caused by the out-of-control growth of the money supply.

For the monetarists, there was only one solution to this problem: constrain the money supply via interest rates. In theory, this meant balancing the government budget and setting a target for broad money supply growth, the idea being that raising interest rates would cause a predictable decline in private borrowing. The reality was that, first, the demand for money is often volatile, not linear and predictable, and second, using interest rates to affect a money supply target has indirect effects on other areas of the economy. The Bank of England had been struggling to make money supply targets work since the early 1970s and had never succeeded.[13] In part, this was due to a lack of political will to raise interest rates to the levels required, but even when rates were raised, the broad money supply (including private lending) responded in unpredictable ways. Under Thatcher, private debt levels exploded as financial deregulation and privatization created a speculative fervor in several asset markets (most notably, housing), which ultimately collapsed in the crash of the early 1990s.[14]

It was a Labour government — that of Tony Blair, elected in 1997 — that handed independence to the Bank of England to, as Panitch and Leys put it, "[reassure] capitalists that their investments would be safe and [leave] employment to the vagaries of market forces."[15] From this point on, strict targeting of the

13 Duncan Needham, "Britain's Money Supply Experiment, 1971–73," *English Historical Review* 130 (2015): 89–122.

14 Blakeley G (2020) 'Financialization, Real Estate and COVID-19 in the UK', *Community Development Journal* Volume 55, Issue 4, pp. 1-21 https://doi.org/10.1093/cdj/bsaa056

15 Panitch and Leys, *Searching for Socialism*, 145.

money supply was replaced with the targeting of inflation, and central banks were given independence to ensure they would be able to manage this target free from political interference. This policy shift represented the final victory of the monetarists over the Keynesians: from the 1990s onward, monetary policy would be a purely technocratic concern, controlled by central bankers insulated from popular opinion but not from the influence of international capital.[16]

Today, even as inflation targeting is flailing under the deflationary pressures introduced by collapsing productivity, it is all but impossible for most policymakers to imagine a different role for central banks. But there was always an alternative. The abandonment of full employment policy and of capital and exchange controls — by a Labour government — was a *choice*. Yet the only way to legitimize such decisions was to construct the shift as an inevitability. Panitch and Leys point to the way in which this feat was achieved. The Blairites argued that globalization had created a "new reality" in which "it was impossible for the government of any one country to manage aggregate demand and determine the level of economic activity and employment."[17] In other words, they claimed to have no other option.

If monetarism provided a set of theories and discourses that supported the legitimacy of Thatcherism, then globalization played this role for the Blair government. One of Blair's most memorable quotes comes from his speech to the Labour Party conference in 2005: "I hear people say we have to stop and debate globalization. You might as well debate whether autumn should follow summer." For Blair and others on the Labour right, globalization

16 For a discussion, see Gerald Epstein, *The Political Economy of Central Banking: Contested Control and the Power of Finance* (Cheltenham: Edward Elgar Publishing, 2019).

17 Panitch and Leys, *Searching for Socialism*, 145.

was a neutral and inevitable fact. The fall of the Berlin Wall had, as many public intellectuals argued at the time, brought about the end of history.[18] There would be no further conflicts between competing ideologies and movements, but instead a great convergence around the universal goods of capitalism and democracy. Globalization was the process through which this convergence would be brought about: as goods, services, capital, and human beings flowed more quickly and easily between different parts of the world, the "less developed" nations would be subsumed into a prosperity-boosting liberal capitalism.[19]

Against this current of liberal optimism ran a more pessimistic train of thought. After the fall of the Soviet Union, ideological conflict might be dead, but cultural conflict was not. The idea that the great battle lines of the twenty-first century would be constructed across religious, ethnic, and, ultimately, "civilizational" grounds was made famous by Samuel Huntington in the 1990s, but after the events of September 11, this belief began to suffuse the thought of governing social democratic parties in the UK and the United States much more deeply.[20] Globalization — the touchstone of neoliberal ideology — had to be protected from its opponents. The best way to do this, Blair and others on the Right believed, would be to firmly tether UK foreign policy to that of the United States. Atlanticism eventually became the sine qua non of UK foreign policy: the UK would support the United States' efforts to protect freedom, democracy, and globalization from those who wanted to destroy them.

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18 See, e.g., Francis Fukuyama, *The End of History and the Last Man* (New York: Free Press, 1992).

19 See, e.g., Thomas Friedman, *The World is Flat: The Globalized World in the Twenty-First Century* (New York: Penguin, 2006).

20 Samuel Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon & Schuster, 1996).

New Labour's acceptance of Atlanticism and globalization went hand in hand. Panitch and Leys argue that "the Iraq decision was inherent in New Labour's project of embracing globalised capitalism as the 'new reality' to which everything must be adapted."[21] That the UK must continue to be a member of NATO, possess nuclear weapons, and support the United States' forays abroad were all critical to the continuation of the "American informal empire."[22] Panitch and Leys put it succinctly: "Blair was ready to accept the consequences [of invading Iraq], unconstrained by any personal attachment to the party's anti-imperialist tradition, any more than to its social democratic tradition."[23]

There were, of course, alternatives to both globalization and Atlanticism. The alter-globalization movement, which aimed to challenge neoliberal hyper-globalization and the dominance of the institutions and states that promoted it, became a powerful force on the Left during the 1990s and 2000s. Panitch and Leys point out that the New Left was aware of "the possibility of reconnecting socialist politics to the new type of radical protest that exploded at the turn of the millennium with the anti-globalisation and anti-war movements."[24] The World Social Forum, whose rallying cry was "another world is possible," had its first meeting in 2001, and its charter of principles included "opposition to a process of globalization commanded by the large multinational corporations and by the governments and international institutions at the service of these corporations' interests."[25] But the refusal of social democratic parties in the Global North to countenance the idea that

21 Panitch and Leys, *Searching for Socialism*, 151.

22 Panitch and Leys, *Searching for Socialism*, 151.

23 Panitch and Leys, *Searching for Socialism*, 151.

24 Panitch and Leys, *Searching for Socialism*, 160.

25 World Social Forum, "Charter of Principles," (2001), retrieved from transformadora.org/en/about/principles.

there might be an alternative to neoliberal globalization, and their attempts to cast alter-globalization activists as either hard-left thugs or naive utopians, limited its significance.

The resistance to Atlanticism was, if anything, even more powerful and widespread. The mass protests against the war in Iraq were perhaps the most obvious manifestation of this trend, and the emergence of movements like the Stop the War Coalition — which organized "impressive anti-war protests … [including] the largest demonstration in British history" — demonstrated the ongoing centrality of anti-imperialism to the Left.[26] But there were also less obvious signs of a backlash against the "Special Relationship" among the general public — including the depiction of the relationship between the British and American leaders in the popular film *Love Actually*, in which the British prime minister, played by Hugh Grant, is praised for finally standing up to the US president (an arrogant and lascivious Billy Bob Thornton). Yet the fact that this scenario was depicted in a fictional film simply reinforced what most people intuitively felt: in the real world, however much we might dislike it, the Special Relationship was an indisputable fact.

Globalization and Atlanticism, constructed as the necessary foundations of British economic and foreign policy, invalidated some of the Left's most important arguments. The removal of constraints on capital mobility by Thatcher had returned the UK to its origins as a "rentier nation," which was "the most open of any OECD country to investment from abroad."[27] Higher taxes on wealth, high incomes, and corporate profits would be impossible in a world of unhindered capital mobility — wealthy individuals and companies would simply move if they were taxed too highly. Capital flight itself became nearly impossible to challenge, both because

26 Panitch and Leys, *Searching for Socialism*, 167.

27 Panitch and Leys, *Searching for Socialism*, 134.

economists and policymakers had spent decades arguing that constraints on capital flows didn't achieve their aims and were bad for development, and because membership in many trading blocs now required states to acquiesce to the free movement of capital.

More generally, a world of unbridled capital movement was one in which states would be forced to compete against one another for investment: this required a focus on national "competitiveness," seen through a free-market lens in which labor rights, environmental protections, and high wages made a country a less desirable investment destination. Blair refused to remove any of Thatcher's anti-union legislation and stated proudly that British law would remain "the most restrictive on trade unions in the Western world."[28] A "flexible" business environment, policy "certainty," and investor "protections" all became buzzwords during this era of hyper-globalization. As Panitch and Leys put it:

> The modernisers' diagnosis of the "new reality" created by globalisation implied that it was impossible for the government of any one country to manage aggregate demand and determine the level of economic activity and employment. All that could be done was to make the country as attractive as possible to foreign investors by keeping corporate taxes and inflation low, regulation "light," and labour "flexible."[29]

These moves were framed not as ideological decisions — ideology no longer had any place in politics — but as mechanisms of adapting to "the 'new reality' of global capitalism."[30] As the transition to neoliberalism deepened, it also, as Panitch and Leys put it, "colonised the life-world" of UK citizens — who were

28 Panitch and Leys, *Searching for Socialism*, 145.

29 Panitch and Leys, *Searching for Socialism*, 145.

30 Panitch and Leys, *Searching for Socialism*, 133.

increasingly seen as customers by a marketized state apparatus.[31] The move toward what Colin Crouch has previously referred to as "privatised Keynesianism," whereby private debt is substituted for public, combined with "asset based welfare," under which individualized and financialized techniques of risk management replaced social security, generated significant material incentives for much of the British middle classes to support first Thatcher's and then New Labour's regime.[32] Panitch and Leys point out that quick sales of public companies at low prices generated a windfall for those individuals able to take advantage of them, and "their involvement in the transaction made them less likely to endorse the general outrage at the huge salaries and share options enjoyed by the utility company directors, or the grotesque bonus payments given to dealers in the City."[33] Each of these changes, as Panitch and Leys suggest, were seen as "not only irreversible, but largely desirable."[34]

The assumption of the inevitability of neoliberal globalization and Atlanticism served to reinforce the material and ideological conditions that had given rise to these changes in the first place. The steadfast commitment of nations like the UK to financial globalization and the "race to the bottom" forced other states to adopt a similar approach or risk losing out on international investment and capital inflows. The erosion of workers' rights and the welfare state in pursuit of a more "flexible" labor market based on the

31 Panitch and Leys, *Searching for Socialism*, 135.

32 Colin Crouch, "Privatised Keynesianism: An Unacknowledged Policy Regime," *British Journal of Politics and International Relations* 11, no. 3 (2009); Johnna Montgomerie and Mirjam Büdenbender, "Round the Houses: Homeownership and Failures of Asset-Based Welfare in the United Kingdom," *New Political Economy* 20, no. 3 (2015).

33 Panitch and Leys, *Searching for Socialism*, 135.

34 Panitch and Leys, *Searching for Socialism*, 136.

recognition of the growing power of international capital served to weaken labor relative to capital even further. New Labour's attempt to court "business" based on the assumption that the party could no longer win elections without private-sector support strengthened the power of private executives and shareholders over our political system. Their belief that the United States was now, de facto, the hegemonic power and therefore the world's police led New Labour to continuously lend material and ideological support to US interventions abroad. Resistance to these trends did not seem simply futile but unimaginable.

FROM THE CRASH TO AUSTERITY

The world order constructed by Bill Clinton, Tony Blair, and their neoliberal allies inevitably came close to collapse during an economic crisis driven by the financialization of housing, the dramatic expansion in private lending central to the regime of privatized Keynesianism, and the delving of banks into increasingly dangerous activities permitted by a neoliberal regulatory regime premised on the idea that markets were efficient and regulators were not. As Panitch and Leys point out, New Labour has much to answer for when it comes to the impact of the crash in the UK.[35] Their "light touch" approach to regulation has been implicated in the collapse of several major UK banks, including RBS (the Royal Bank of Scotland).[36] In fact, much of Wall Street's pressure for deregulation stemmed from a desire to compete with the City, where, Panitch and Leys point out, many activities took place "that were against the law in New York."[37]

35 Panitch and Leys, *Searching for Socialism*, 153.

36 Jill Treanor and Simon Bowers, "Labour's lax regulation of the City contributed to RBS collapse — watchdog," *Guardian*, December 12, 2011.

37 Panitch and Leys, *Searching for Socialism*, 154.

The crisis shattered many of the illusions upon which New Labour's success had been based and ultimately came to undermine its ideological foundations, including the inevitability of globalization and the importance of central bank independence. But this did not stop the Labour Party from clinging to the vestiges of New Labour ideology in the years that followed. In fact, in a world marked by crisis, where trends previously considered inevitable were now being eulogized, the party clung even harder to the idea that the policies it was advocating were determined by objective external conditions rather than the interests of a particular class.

Panitch and Leys point out that Labour's next leader, Ed Miliband — a politician from the "soft left" of the party — promised to "keep all these cuts" made by the Conservatives, and that the party's priority must be to "show that Labour can be trusted with the nation's finances."[38] Labour's ongoing commitment to austerity (after an initial stimulus program implemented by prime minister Gordon Brown in 2008) provided a stark demonstration of how deeply the New Labour ideology had taken root in the party: even alleged left-wingers like Miliband were forced to adopt some version of "austerity lite" as a demonstration of the party's economic credibility in a world where balanced budgets and a small state were deemed critical for attracting international investment.

At the time, many in the left wing of the Labour Party were calling for a set of policies that would ultimately become a rallying cry for the Left as a whole: a Green New Deal to create jobs, boost growth, and decarbonize economic activity.[39] Former Shadow Chancellor John McDonnell — along with prominent Keynesian

38 Panitch and Leys, *Searching for Socialism*, 181.

39 Andrew Simms, Ann Pettifor, Caroline Lucas, Charles Secrett, Colin Hines, Jeremy Legget, Larry Elliott, Richard Murphy, and Tony Juniper, *A Green New Deal* (London: New Economics Foundation, 2008).

economists — was part of the initial call for a Green New Deal in response to the financial crisis. But these policies were dismissed as unrealistic at the time (even though the British state had recently imposed a substantial "brown" stimulus program, at which investors barely batted an eyelid). David Cameron's Conservatives may have been attempting to drop their image as the "nasty party," but they retained the commonsense Thatcherite position that the role of the prime minister was akin to that of a good housewife: to make sure the books were balanced. In a world where neoliberal shibboleths like globalization, central bank independence, and financial deregulation lay in tatters, austerity became the new reality that would constrain policymakers for years to come.

Initially, the attempt to embed austerity ideology was a success. The Greek crisis, coupled with the dramatic increase in government debt seen after the bank bailouts and the deepest economic crisis in decades, lent credence to the idea that responsible states must seek to repay their debts or they would lose the confidence of international investors. While protestors did take to the streets in response to many post-crisis policy changes, with a pliant Labour Party to contend with, the Conservatives had little trouble pulling off their first round of cuts. Ultimately, the participation of the Liberal Democrats in the Conservatives' austerity regime proved useful to the party, as the junior coalition partner was punished far more by voters for the second round of cuts than the Conservatives were.

While the Labour Party remained intent upon supporting Tory austerity, its subsequent imposition after the financial crisis did revive many elements of the British left. As Panitch and Leys point out, the unions fiercely resisted Miliband's acceptance of austerity, with Unite the Union general secretary Len McCluskey warning him not to be "drawn back into the swamp of bond market

orthodoxy."[40] Anti-austerity social movements like UK Uncut and Disabled People Against Cuts were springing up across the country, and Corbyn and McDonnell were "heavily involved" in both.[41] They also supported the student protests that took place in 2010, as the government announced a tripling of university tuition fees. Ultimately, by the time Ed Miliband had introduced a "one member, one vote" (OMOV) system for the Labour Party's leadership election — shortly before he lost the general election of 2015 — the anti-austerity movement had grown powerful enough to coalesce into a campaign that would propel Jeremy Corbyn to the head of the party.

Panitch and Leys argue that the most important factor depriving Labour of a victory in 2015 was "the low turnout among those who had indicated in pre-election polls they were more inclined towards Labour than any other party."[42] This, they point out, represented the continuation of "a consistent pattern in every election since New Labour's initial victory in 1997," as shown by Geoffrey Evans and James Tilley in *The New Politics of Class: The Political Exclusion of the British Working Class*.[43] While before 1997, there was very little discernible correlation between class and tendency to vote, in 2015, more than 50 percent of people with low educational attainment and working-class jobs simply did not cast their ballot. When asked about their voting behavior, many responded by stating that there is no point because all the parties are the same.[44] Such sentiments echo those expressed by Alan Greenspan when he famously remarked that it wouldn't matter who won the

40 Panitch and Leys, *Searching for Socialism*, 181.

41 Panitch and Leys, *Searching for Socialism*, 184.

42 Panitch and Leys, *Searching for Socialism*, 195.

43 Geoffrey Evans and James Tilley, The New Politics of Class: The Political Exclusion of the British Working Class (London: Oxford University Press, 2017).

44 Evans and Tilley, *The New Politics of Class*.

next election because "thanks to globalization, policy decisions in the US have been largely replaced by global market forces."[45]

By this point, it was clear that Labour's route to power depended upon bringing these voters back into the electorate; doing so required convincing them that a Labour government would actually be able to change things. Over the next five years, the battle between the Labour right and the Corbyn leadership largely centered on this issue: the question of who would get to define the conditions of the possible. What Corbyn and others realized is that, as Panitch and Leys put it, "The 2008 crisis … proved that the economic model on which New Labour depended was unsustainable."[46] But unlike Ed Miliband, Corbyn also realized that "a reversion to social democracy … would once again end in defeat."[47] Instead, "the aim must be a radical restructuring of society, the economy and the state."[48] In other words, Corbyn had to invert the tactics of the Labour right by convincing the Labour Party, and the country, that there was no alternative to a radical transformation of capitalism. With the Labour Party perhaps "more deeply integrated than ever with the capitalist economy and the state," this would prove immensely challenging.[49]

The policy proposals the leadership developed in this difficult context seemed revolutionary to an electorate that had been presented with different versions of the same neoliberal orthodoxy for decades, even though they were hardly radical by international standards. By pledging proper funding for and management of public services, investment in infrastructure and research and

45 Adam Tooze, *Crashed: How a Decade of Financial Crises Changed the World* (London: Allen Lane, 2018).

46 Panitch and Leys, *Searching for Socialism*, 175.

47 Panitch and Leys, *Searching for Socialism*, 201.

48 Panitch and Leys, *Searching for Socialism*, 201.

49 Panitch and Leys, *Searching for Socialism*, 201.

development, tax increases on the wealthy and renationalization of many formerly public companies, the Labour Party's 2017 manifesto dramatically expanded citizens' ideas as to what they could conceivably demand from the state. Most of these policies were very popular in 2017, as they had been for the previous four decades, but absent a movement willing to champion them, and with the right wing of the Labour Party telling them as much, it became almost impossible to imagine they would ever be implemented.

As well as popularizing many of the programs that were included in the 2017 manifesto, Labour Party policy drew on and strengthened an emerging ecosystem of progressive thinking that had flourished since the financial crisis. Panitch and Leys point out that

> Experts in a wide variety of fields had many creative ideas for progressive policies that a Labour government could use, including on macroeconomic policy, banking, taxation, pensions, debt, higher education and ways of restoring the primacy of the public interest in the funding and management of the public infrastructure.[50]

The intellectual energy of this period undoubtedly lay with the Left, and it could not help but seep into the collective consciousness. By 2019, even the Financial Times had decided that it was time to hit the reset button on a capitalism that had become increasingly extractive and unsustainable. None of this, of course, signaled an imminent transition to socialism, but the mere capacity to imagine that a different world might be possible undoubtedly strengthened the socialist cause.

Ultimately, however, it was the Right, not the Left, that proved able to take advantage of this popular backlash against

50 Panitch and Leys, *Searching for Socialism*, 211.

austerity and neoliberalism. The Left had attempted to ascribe responsibility for rising unemployment, poverty, and social unrest to a capitalist system that was constantly prone to crisis and an out-of-touch elite that sought to impose the costs of those crises on working people. While many found this argument compelling, the singular refrain of the previous several decades — "there is no alternative" — was so deeply entrenched that voters simply could not imagine another option. Instead, the Right was able to take advantage of the decaying legitimacy of capitalism to claim that the only solution to the economic turmoil was to eject the immigrants who, they argued, were depriving British people of access to jobs, welfare, and public services. The nationalist authoritarian message of Brexit's Leave campaign managed to convince a large number of nonvoters to return to the electorate to thwart an establishment they held in complete contempt — and it was these voters who delivered the victory for Leave.

The Labour right's strategy was to respond with another attempt to constrain the conditions of possibility. They argued that it would simply not be possible for the United Kingdom to leave the European Union — that the international legal and political institutions that underpinned the bloc had not been designed to allow a country to exit. Globalization — of which European integration was a critical linchpin — wasn't reversible, and anyone who thought otherwise was either an idiot or a xenophobe. Unsurprisingly, these attempts to close off alternatives to the imaginary flailed in the wake of a financial crisis that had seen the neoliberal world order nearly collapse entirely. Instead, this message from the Labour right simply "fanned Leave voters' feeling that their vote was not being respected."[51]

51 Panitch and Leys, *Searching for Socialism*, 236.

The divisions that emerged within the Labour Party over Brexit were undoubtedly central to 2019's loss. The Right was able to successfully use Brexit as a wedge to divide the base that underpinned Corbynism, culminating in the party's support for a second referendum on membership of the European Union in its manifesto. As Panitch and Leys write:

> Whatever other factors contributed to Labour's defeat, [Boris] Johnson's embrace of so much of what [Nigel] Farage stood for, combined with the way Corbyn's position was undermined by the intractable divisions over Brexit inside the Labour Party, was unarguably decisive.[52]

The defeat was crushing, and it ultimately spelled the end of Corbynism within the Labour Party. It was not long before Sir Keir Starmer — one of the main architects of Labour's disastrous second referendum policy — had become the party's leader. But while the 2019 election may seem to suggest that the organic crisis that gave rise to this political moment is being resolved in favor of the Right, there are many reasons to be optimistic that Corbyn's alternative economic strategy will fare better than Benn's did.

THE PANDEMIC AND THE POSSIBLE

One indication of the lasting impact of Corbynism is the ease with which the Conservative government has stated it is considering many of the Labour left's proposals in response to a pandemic that is deepening the contradictions of global capitalism the Left has identified over the past five years. Greater spending on public services (particularly health and social care), increased taxes on the highest personal and corporate incomes, and cheap funding for small businesses — now current or potential future government

52 Panitch and Leys, *Searching for Socialism*, 248.

policies under Tory leadership — were all key parts of Labour's 2019 manifesto. The government is not, of course, hoping to deliver a fundamental transformation of wealth and power in favor of working people; it is simply responding to the needs of capital during a crisis. But Conservative prime minister Boris Johnson's ability to summarily renege on a decade of promises made by his party to cut spending on social security, public services, and infrastructure while keeping taxes low has undoubtedly been helped by the fact that the rallying cry of the austerians, "there is no alternative," has been drastically undermined.[53]

But converging with Labour on these areas of economic policy won't come without a cost for Conservatives. Kalecki's insights about the political consequences of full employment will be high in the mind of Conservative strategists today: questions of the balance of power between employers and employees, as well as nervousness about workers becoming "dependent" on the furlough scheme, undoubtedly lie behind the government injunction that people should return to the office. But the applicability of Michał Kalecki's insights to modern Britain is undoubtedly limited, given the weak historical position of the working classes. The era analyzed by *Searching for Socialism* traverses both the high and low points of working-class power in the UK — and in the period immediately after the financial crisis, it probably reached its nadir.

The immediate issue created by higher levels of state intervention in the economy is that it thoroughly undermines the argument that "there is no alternative" by expanding people's sense of what they can demand of the state and, ultimately, helping them to imagine new ways of organizing society. Expanding the range of economic policy options by paying workers to stay at home, handing billions to businesses, and creating billions more to keep

53 Panitch and Leys, *Searching for Socialism*, 248.

the financial system afloat — after spending 21 percent of GDP bailing out the banks — is going to present the ruling class with some fairly difficult questions.[54] If the state can step in to bail out the banks or boost investment to increase business's profits, then why can't it create jobs, boost wages, or tax big multinational corporations?

In other words, the interventions currently being undertaken by the government in service of the interests of capital may come to weaken neoliberal hegemony by politicizing management of the economy. For the last forty years at least, the separation of the economic from the political, associated with creeping technocratization of liberal institutions, has served as the foundation for neoliberal ideology. It has served to both legitimate irrational economic outcomes by naturalizing them and delegitimate potential alternatives to the status quo by claiming these would represent the "politicization" of the "natural" economic outcomes generated by the market.[55] There is a good reason why developmental states also tend to be highly authoritarian — politicizing economic management fatally undermines the strategies pursued by bourgeois democracies to legitimize capitalism.

The politicization of economic management would, if anything, represent a far greater threat to the interests of capital today than in Kalecki's time, given the former's unprecedented dependence upon state power. Over the last few decades — when profits and productivity have been weakening — without central banks to pump money into financial markets, without governments using fiscal policy to keep the economy afloat during a crisis and keep taxes

54 Pepper D. Culpepper and Raphael Reinke, "Structural Power and Bank Bailouts in the United Kingdom and the United States," *Politics & Society* 42, no. 4 (2014).

55 Ellen Meiksins Wood, "The Separation of the Economic and the Political in Capitalism," *New Left Review* I/127 (May/June 1981).

low during the recovery, and without an international architecture that fiercely prioritizes the interests of creditors over debtors, investors' returns would not be nearly as high as they are today. At a time of profound ideological weakness for neoliberalism, capital is not going to give up control over the money-making machine that is the capitalist state without a fight.

As Panitch and Leys point out, this is why the issue of democracy has always been central to the strategies of Labour's New Left. Thoroughly democratizing the state, the economy, and society in the context of a weakening ideological hegemony of neoliberalism would profoundly alter the balance of power between capital and labor. After decades of disenfranchising people, telling them that the system cannot change, and depriving them of any meaningful choices at election time, finally giving people a real say over the major institutions that affect their lives would empower them and revive their sense of the power of collective action. The results of deepening democracy in this way would likely be unpredictable — to those on the Right and the Left — but it is the only viable strategy available to a Left confronted with a capitalist state as powerful as those that currently exist in the imperial core.

As it stands, we are living through a moment in which it seems increasingly plausible that a whole variety of demands might be made upon the state, but increasingly difficult for those demands to be realized. The strategy pursued by the Labour New Left up till now — that is, democratize the party to democratize the state to democratize the economy — appears impossible in the context of a Starmer-led Labour Party, which seems to have determined that the best way to win the next election is to simply say nothing in the hope that the current government will perform so poorly, voters will turn against it. Yet Panitch and Leys point out on the final page of *Searching for Socialism* that "it seems unlikely that the new generation of activists will quickly see any other way

forward than continuing the struggle inside the Labour Party, so as to fundamentally change it."[56]

When I interviewed Panitch for my edited collection *Futures of Socialism: The Pandemic and the Post-Corbyn Era*, just before the publication of *Searching for Socialism*, he told me that he was "more optimistic" than he has been "for a very long time," even in the context of a pandemic that represents one of the most significant challenges many of our societies have ever faced. The reason for his optimism is as follows:

> I would like us to look back on this moment as the point at which we saw the emergence of a politicised generation … The fact that Labour was elected in 1945 after the Second World War made it so clear that those who said "it can't be done" in 1931 were wrong. I think it's going to be possible to make that argument in the coming years about the policies Corbyn and John McDonnell were advocating before this crisis.[57]

Panitch pointed out that the political and economic changes of the last decade will "not be easily undone." The financial crisis had a huge impact upon the Labour Party, and today, new members have the opportunity to become more actively involved in order to push for policies that are both popular with the electorate and provide real alternatives to the status quo. Now, the New Left's equivalent to Tony Benn's alternative economic strategy seems to be coalescing around the idea of the Green New Deal — a set of interventions to create jobs, reduce inequality, and decarbonize the economy, with more radical versions including provisions around taxation, financial reform, and the socialization of ownership. If, as Arundhati Roy argues, the pandemic is a "portal," then such

56 Panitch and Leys, *Searching for Socialism*, 255.

57 Leo Panitch, "Beyond Parliamentary Socialism?" in *Futures of Socialism: The Pandemic and the Post-Corbyn Era*, ed. Grace Blakeley (London: Verso, 2020).

a strategy — which blends elements of Keynesianism with more radical visions for a new, green future — can be seen as a bridge between this world and the next.[58] While Corbynism seems to have revitalized the Left intellectually and organizationally, it has left liberals rudderless and confused, unable to rely on its usual strategy of decrying popular socialist ideas as simply impossible. After the financial crisis, Brexit, the rise and fall of Jeremy Corbyn, and the coronavirus pandemic, it would seem absurd for a politician to confront the electorate in five years' time with the message that the status quo is fixed and immutable and that we must adjust our expectations accordingly. Keir Starmer may not realize it, but the radicalism of the crises we face must be confronted with a radicalism of the imagination — with a determination to present voters with an alternative vision of the world and how it might be constructed. If he were to pick up a copy of *Searching for Socialism*, Starmer might find that he has much more to learn on this subject from the historical struggles of the Labour left than from those of the Right.

This article is dedicated to the memory of David Graeber, who spent his life challenging us to imagine a different kind of world and fighting to bring that world into being. His words express the argument of this essay in far more eloquent terms than I ever could: "The ultimate, hidden truth of the world is that it's something that we make, and could just as easily make differently."

58 Arundhati Roy, "Arundhati Roy: 'The Pandemic Is a Portal,'" *Financial Times*, April 3, 2020.

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