

Making History Beyond Neoliberalism: Response to Roper

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Introduction

Roper (2011a, p. 39) sums up his account of neoliberalism in New Zealand with the following conclusion: “In the absence of a major upsurge in working class and social movement struggle, the neoliberal policy regime is likely to remain firmly in place.” The bulk of his article lends weight to this conclusion in the course of offering a detailed analysis of National’s neoliberalism and New Zealand’s social inequality. In his final assessment Roper turns to list mid-range factors that underpin his conclusion. In particular, he refers to structural constraints resulting from the neoliberalisation of New Zealand’s financial regime; neoliberalisation of the outlooks of successive New Zealand Governments since 1984; and the balance of class forces in favour of capital (pp.37-8). This response focuses, first, on building a sympathetic analysis of these mid-range factors which are linked here with the form and dynamic of the ‘neoliberal model of development’ (Neilson, 2011). In his conclusion Roper also states that if there is an upsurge in social movement and working class politics ‘then the question of alternatives to neoliberalism will come to the forefront of New Zealand politics’ (Roper, 2011a, p. 39). The second theme of this essay is linked to an exploratory discussion of why this might or might not happen and how more specifically a ‘counter-hegemonic project’ could be more consciously constructed and actively pursued.

The neoliberal model of development

In New Zealand conversations, neoliberalism is often cast as the ascendant policy direction of the eighties and early nineties, but a direction the Labour Party in particular has since abandoned. This view, based on a kind of ‘methodological nationalism’ where nation states are understood endogenously and the trans-national framework their product, obscures the reverse national limiting effects of the prevailing trans-national framework. In this case, the policy direction pursued in the 1980’s integrally connected, and thus permanently reordered and constrained, nation state priorities and capacities to the on-going global neoliberal project. Rather than just an incremental and

relatively self-contained struggle at the national level, national politics is structurally limited by this global neoliberal terrain.

Like the preceding Fordist project, the neoliberal project is practically driven by its 'model of development': defined here as a trans-national blueprint of economic regulation integrally connected with a national template (Neilson, 2011). The viability of the national template is predicated on the trans-national regulatory framework, and vice versa. Under the Fordist model of development, blueprinted at Bretton Woods in 1944, the nation state's relative autonomy to pursue progressive social policies was underpinned by the Fordist model of development's framework of international capital mobility constraints linked with the trans-national Keynesian template of self-contained national accumulation.

The current neoliberal model of development, that envisions a world where capital moves within and across national borders without impediment, crystallized as the 'Washington Consensus' in the mid 1980s. This global vision, summed up by Gill (1992) as a 'new constitutionalism for disciplinary neoliberalism', directly reverses the previous Fordist order by maximizing countries' exposure to global market forces and capital mobility. The most significant reversing effect is the transformation of a world economy into a global political economy. The relatively self-contained nation state accumulation regimes supplemented by international trading under Fordism has been transformed by the political trans-nationalisation of economic regulation and the globalization of capitalist production within which nation states compete to be viable components of a global accumulation regime (Robinson, 2004).

The key to realizing the neoliberal global vision, pursued tirelessly by global regulatory agencies such as the IMF and more recently the WTO is to get nation-states especially via structural adjustment programmes and free trade agreements, to adopt the neoliberal national template. While Roper rightly puts financial liberalization at the centre of this national template, it also includes the removal of trade barriers, welfare state retrenchment, fiscal restraint, privatization, and labour market flexibilization. These essential features of this 'roll back' national template, mostly holding firm to this day across the countries of the world including New Zealand, have been central to realizing the neoliberal global vision, and capital's aspiration, of an unimpeded global market and capital mobility.

The neoliberal national template integrates nation states into a trans-national political network, or what Robinson calls the ‘trans-national state’ (2001), within which “[t]he [nation] state becomes a transmission belt from the global to the domestic economy” (Cox, 1992, pp. 30-31). This trans-national framework is also central to capital’s enhanced power and profitability because it has facilitated capital’s aspiration to restore and extend scale economies that are increasingly expressed in the form of ‘global production networks’ (Henderson, 2002). For nation states to be economically viable they must become ‘competition states’ that like ‘hostile brothers’ contest with each other to attract and retain capital (Cerny, 1997, 2003; Hirsch, 1995, 1997). To be competitive countries must provide local conditions compatible with globally prevailing ‘necessary labour’, i.e., global wage and productivity norms that must be met in order for local and transnational capital to be viable.

In short, to remain viable as national components of neoliberal global capitalism, countries must prioritize the interests of capital (Jessop, 1994.) This subordination to global capital is further intensified by its scarcity created by the imposition of global necessary labour norms, especially on the world’s rural population located in non-developed capitalist countries, which has resulted in a massive new source of cheap surplus labour (Neilson and Stubbs, 2011). Narrowing national competitiveness margins due to inadequate global demand, intrinsic to market capitalism and intensified by competitive globalization and recurring global economic crises, further structurally subordinate nation states to capital’s interests (Konings, 2010).

Persisting divergence in the forms of the competition state (see Hall and Soskise, 2001; Boyer, 2005), occurs within a broader convergence towards the neoliberal template. Even successful social democratic countries that have resisted the neoliberal path still move unevenly in that direction (Ryner, 1997, 2004). Sweden’s post WWII Third Way model prioritized capital competitiveness *and* socialist reformism. However, the much more hostile framework of global competition and global structural economic instability makes it harder to be competitive and even harder to square the ‘magic circle’ and make competitiveness compatible with socialist reformism (Meidner, 1993, 1997). Rather than there being varieties of national capitalism, there are varieties of the neoliberal template (Soederberg *et al*, 2005). Significant divergences of social outcomes for nation states still occur because competition, and now its global intensification under the neoliberal model, is the fundamental

source of uneven development (Weeks, 2001). Nonetheless, under neoliberal global capitalism social inequality continues to increase in every country in the world, including New Zealand.

Why do social democrats become neoliberals?

In his conclusion, Roper points out how successive New Zealand governments since 1984 have come to believe that ‘neoliberal policies have broadly positive impacts on economic growth’ (p. 24). The predominance of this neoliberal competitiveness mentality is structurally corroborated by the fact that no government to the present ‘has removed any of the central features of the neoliberal policy regime.’ (p. 25). However, Roper’s statement begs further questions as to why successive governments, especially social democratic ones, have been drawn into the neoliberal world view?

The strategic answer is that having adopted the neoliberal template, governments are unavoidably pulled towards capitalist rationality in order to retain economic viability. Prioritizing capital’s profit requirements necessarily pushes all countries to strategically adopt an institutional variant of the neoliberal competition state. Nonetheless, path-dependent histories, relative economic success, accumulated or natural advantage, also gives some countries more strategic opportunities, to temporarily manoeuvre towards, or maintain, a more social democratically inflected version of the neoliberal project. However, regardless of the ‘variety of neoliberalism’, policy makers are pushed towards pro-market regulation in response to neoliberal-driven global capitalist imperatives.

More perplexing is why social democrats adopted the project in the first place, and why strategic submission can lead on to a positive embrace. Magnus Ryner’s (1997, 2004), account of why social democrats became susceptible to neoliberal market rationality in Sweden emphasizes the changing form of the ‘episteme’. The social democratic reformist (i.e., equals parliamentary road to socialism) Third Way model adopted in Sweden from the fifties was driven by Trade Union economists such as Rehn and Meidner who were grounded in the radical traditions of political economy. However, the new generations of social democratic policy makers learnt falsification rationality from Popper and the bastard Keynesianism that in English speaking countries is associated with Samuelson’s undergraduate Economics textbooks. The cleverness of Samuelson is that he articulated Keynes’ view with orthodox market-driven micro-economics. Thus, once the Keynesian formula was empirically falsified in a

Popperian sense by the experience of the seventies, only the micro-essence of the neoclassical perspective remained. By the end of the seventies, neoclassical economics increasingly articulated to the neoliberal critique of the Keynesian welfare state was rapidly ascending. Especially in the English speaking world, the neoliberal critique was becoming dominant not only in the academy but in national Treasuries and in the outlooks of the powerfully resourced and US-led international regulatory agencies such as the World Bank and the IMF. In sum, as economic instability increased and the credibility of Keynesianism declined, policymakers confronted a rapidly ascending neoliberal epistemological hegemony.

Declining economic performance and policy legitimacy was occurring more rapidly in the Anglo Saxon countries than in the north-of-the-Rhine social democratic countries that had competitively adapted, rather than just followed, the Keynesian template. Policymakers in the Anglo Saxon countries, especially Great Britain and New Zealand, were faced with deepening fiscal crisis and poor economic performance over decades combined with the discursive ascendancy of the neoclassical/ neoliberal world view. In New Zealand, the only alternative to the neoliberal project briefly floated by key economists in the trade union movement amounted to little more than a half-hearted copy of the northern European social corporatist model that by this time was in decline (Campbell and Kirk, 1983). By the early 1990s, the neoliberals had emerged the clear victors in the ideological 'war of position'.

Further, key aspects of the neoliberal project have also become embedded in 'common sense'. While the capitalist-elite-led neoliberal project pulled common sense along through the eighties and early nineties, now common sense appears to be much more in accord with the neoliberal project. While the politically contingent nature of the global market project is obscured, it appears in common sense as an objective expression of the natural and universal evolutionary logic of human existence. This natural order is seen to be characterized by intense competition, and New Zealand's competitiveness is seen to be directly dependent on it providing a profitable terrain for firms. In turn, capital's prosperity becomes 'the key to prosperity' of citizens as well (Kalecki, 1943). New Zealand's path to wealth, security, and the World Cup becomes obvious: we must compete and win! Thus, voters accept the fundamental tenets of the neoliberal project and, correspondingly, reject incompatible elements of the previous Keynesian project. While the unstable

context of the present global economic crisis pushes the population of some countries to direct resistance, in New Zealand and other countries that still can avoid deep economic instability, the neoliberal common sense may not only persist but actually grow in response to the crisis. That is, when the competitive struggle intensifies, New Zealand must compete even more aggressively.

National political debate and party programmes are acutely constrained to options that are compatible with these economic imperatives and this ideological mentality. Further, while social democratic parties do not question, and in the case of Britain's New Labour, positively endorse the global imperatives of the neoliberal project, their perspectives and their programmes remain inside its parameters. In short, within the truncated political space defined by the neoliberal project, Labour parties have become the neoliberal Left. We are all neoliberals now! Of course, Richard Nixon's Keynesian version of this slogan was uttered just as the Keynesian project was starting to falter.

Building a counter-hegemonic project

Roper's conclusion that if there is an 'upsurge in working class struggle and social movement politics', 'then the question of alternatives to neoliberalism will come to the forefront of New Zealand politics' focuses the mind on the essential political debate. Most importantly, it begs a range of further questions. What might lead to an upsurge in active politics? Will alternatives, and of what sort, actually come to the fore? Will a progressive alternative arise spontaneously or must it be made? And what role will social movements have in this process?

Certainly, the active making of a democratic counter-hegemonic movement confronts immense challenges. The material and ideological means of production are owned and controlled by capital and its agents, the transnational state operates largely outside democratic process, the 'democratic association' of the nation state has become more like an 'entrepreneurial association' subordinated to capitalist imperatives (Cerny, 2003), and neoliberal common sense has become in Pierre Bourdieu's words the 'planetary vulgate'. Nonetheless, the structural conditions underpinning the urgent necessity and political possibility of a counter-hegemonic project are clearly crystallizing. The deepening economic crisis of global capitalism, integrally connected to colliding crisis trajectories of social polarization and descent towards eco-crisis, conflicts with the basic material, democratic, and social compromise functions

of the national state under capitalism (Hirsch and Kannankulan, 2010; Neilson and Stubbs, 2011).

As social instability within nation states deepens alongside neoliberal capitalism's intractable crisis trajectory, diverse and unevenly expressed spontaneous upsurges in active politics can be expected across countries. However, constructively channelling spontaneous diversity to a common counter-hegemonic project is problematic. Such a project has the immense dual task of disarticulating social movements and common sense from present neoliberal attachments, and then re-articulating them as an alternative chain of meaning to a global social bloc that includes both a counter-hegemonic world view and model of development (Neilson, under review, a). One of the central problems for the development of such a counter-hegemonic bloc is that organized mainstream social movements, especially Labour and Green movements have been compromised by their articulation to the neoliberal project.

First, though moving back from the neoliberal vision of spontaneous market forces and night watchman state, social democracy's counter-movement Third way project in some ways represents a deeper embedding of the neoliberal project (see Tickell and Peck, 2003). While much more state active than the neoliberal rhetoric of the 1980s, the Third way approach has engineered pro-market regulation and articulated social democratic values to the neoliberal policy regime. For example, the key social democratic policy platform of the Keynesian era, full employment, has been deployed to justify the neoliberal project of economic competitiveness, commodification, and the need for competitive labour markets. Similarly, the union movement ends up legitimating rather than questioning the harsh global competitiveness norms of the neoliberal project when it seeks to demonstrate why unions are part of New Zealand's competitiveness solution to employment and prosperity. Further, minor redistributive labour and welfare reforms that remain within neoliberal parameters reinforce the prevailing regime. Not only materially legitimating, such gestures also ideologically reassure the population that democratic politics still prevail, while all the time leaving unquestioned the neoliberal regime's fundamental elements. Still, the struggle against extreme versions of neoliberalism by Left-leaning parties is an important part of the 'war of position'. However, while key elements of the neoliberal national template remain an unquestioned political centre, or what Bobbio (1996) describes as an

‘included middle’, then such a rear-guard action is in danger of only legitimating and embedding, albeit a more progressive variant of, the neoliberal project.

Second, for the Green movement, articulation with the neoliberal project has taken many forms. In part, this articulation has been driven by the neoliberals. In the style of the ‘post-Washington’ consensus, the neoliberal project appears to take the deepening ecological crisis seriously. In actuality, the agents of neoliberalism articulate environmental reform to the neoliberal project of market capitalism, as trading schemes or by linking the profit motive with a naturally occurring greening of technologies. Further, they colonize the radical environmental discourse adopting signifiers such as ‘ecological sustainability’ but emptying them of any radical signification (Vlachou, 2007). While the organized Green political movement is not simply neoliberal, it universally adopts the naïve ‘neither Left nor Right’ politics that also pragmatically accepts the idea of picking and mixing pro-environment discourses and mechanisms from both Left and Right paradigms. The Greens end up in a centre position in political space, defined as both Left and Right, where the neoliberal project of global capitalism is taken as an uncontroversial given. Neoliberal discourses of individualized responsibility and marketisation are articulated with the Green movement, while a radical ecological critique of global neoliberal capitalism, which is outside of a shared centre, gets marginalized. A counter-hegemonic project though not simply rejecting the good sense in the neoliberal world view needs to articulate it to a radical critique of neoliberal global capitalism.

More significantly, the renewal and re-radicalization of the projects of social democracy and ‘ecological sustainability’ require the articulation of a radical critique to a new counter-hegemonic project. Following Gramsci, one can understand a hegemonic project as essentially combining a model of development and ‘world view’. Different hegemonic projects struggle in a ‘war of position’ for influence and dominance. Dominant hegemonic projects within the capitalist mode of production, that may concede ground to anti-capitalist forces, can be distinguished from counter-hegemonic projects that, though transitionally involve compromises and concessions to capital, seek to fundamentally transform capitalist relations. A counter-hegemonic project seeks a mid-range transformative path that operates between the scenario of a spontaneous revolutionary rupture and capitalism-reinforcing social democratic reform. A counter-hegemonic project seeks to deliberately construct another

world on the basis of a clear alternative design or model of development and political/ ideological strategy.

Under the neoliberal model, nation states are subordinated to the imperatives of a highly unstable and crisis-ridden globalized form of the capitalist mode of production. Countries experience this process as increasing economic insecurity, inequality and social polarization, reducing economic self sufficiency, a growing relative surplus population, and ecological depletion and destabilization. While this experience varies according to national competitiveness, it is expressed generally as economic, political, and social instability and insecurity across all countries. In order to address these effects, a counter-hegemonic model of development need to reverse the neoliberal ordering of the transnational national nexus by subordinating capital to the needs and priorities of nation states (Neilson, under review, b). Fundamental to achieving such a reversal is the facilitation of a viable alternative to global scale production. This alternative, resonating with the ‘flexible specialization’ production paradigm, needs to promote economies of local propinquity and efficient variety for local consumption. Such an economic base has the capacity to undermine nation states’ global capital dependence by promoting efficient variety as a local self-sufficiency. It also opens up a space to develop sustainable, localized and democratically regulated ‘multi activity’ societies (Gorz, 1999). The practical viability of such a local template depends, in turn, on rolling back the present neoliberal form of trans-national regulation, and rolling out an alternative global regulatory framework. Certainly this framework is premised on the genuine cosmopolitanisation of existing global institutions of governance (see Held, 2009; Roper, 2011b), but more, it also implies the reprioritizing of the goals of such global institutions towards localized self-sufficiency and the construction of institutions that can oversee an open and socialized form of the globalized immaterial economy.

Conclusion

This response to Brian Roper’s article built on the clear and well-signposted groundwork he laid down for thinking about the nature and continuity of the neoliberal project. However, there is urgency to embrace a more strategic analysis that although being acutely aware of circumstantially-given limits and possibilities, directs thinking towards agency and the ‘making of history’. It is this sense of contingency that needs to light the path for rethinking of the social democratic project and ultimately socialism (Neilson, under review, b). More

specifically, counter-hegemonic discourses need to envision an alternative hegemonic blueprint centrally including an alternative model of development. For potentially counter-hegemonic mainstream movements such as organized Labour, progressive Third Way counter-reforms need to be articulated with a more critical awareness of the nature and consequences of neoliberal global capitalism that in turn is articulated with an alternative project and model of development.

While the NZ Labour Party fails to articulate its increasingly progressive local programme with a more explicit and defiant critique of neoliberal global capitalism, and along with others does not call for all ‘Left’ parties to come together as an international forum to develop a practical alternative, then it will remain fundamentally attached to the global neoliberal project that is now catastrophically failing. A new reformist project is crucial for averting the present neoliberal global trajectory towards ‘catastrophic collapse’ (see Roper, 2011b). However, and also in accord with Roper (2011b), though crucial such a project would be only a temporary fix. At best, such a counter-hegemonic project could become a transitional movement towards the creation of an ‘egalitarian, democratic and environmentally sustainable socialist world beyond capitalism’ (p. 270).

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