

### Part III

#### ECONOMIC MYTHOLOGY OF THE LEFT-POPULIST ALTERNATIVE TO NEOLIBERALISM

The ideological crisis that began at the start of the Great Recession continues to unfold. The crisis laid bare the inability of mainstream political thinkers and parties to solve or even explain the crisis. In the US, both Democratic and Republican parties are in open crisis, challenged by the emergence of populist factions that reject the ideas and tactics that their parties have pursued for decades. Trump and his white-nationalist base represent a creeping fascism which seeks to destroy democracy and is blatantly anti-humanist in its attacks on science, equality, reason, and freedom. Meanwhile, Bernie Sanders' "Our Revolution" sees an opening for the reconstitution of a left economic populism that harkens back to the social democracies of yesteryear.

In Europe, similar movements are afoot, spurred on, in part, by the ideological fallout from the Great Recession. Radical-right populists have made significant electoral gains all across the European continent, advancing an anti-immigrant and anti-European-Union (EU) politics that rails against "establishment elites." Many of these parties have ties to fascist movements. Meanwhile, figures on the left like Jean-Luc Mélenchon in France and Jeremy Corbyn in the UK have advanced a left-populist counterattack with many similarities to the economic populism of the US.

Corbyn in particular has had notable success. He not only succeeded in taking control of the Labour Party and shepherding it to a defeat in the 2017 elections that was considerably narrower than had been expected. He has also succeeded in drawing much of the British left and many youth into the party and rekindling enthusiasm within it. The new-found support for Labour within much of the left has taken place despite the fact that there are serious splits in the party over the country's impending exit from the EU and despite the narrow nationalism of its current Manifesto ("[a Labour government will put the national interest first](#)"). The thirst on the left for electoral success and a left-populist alternative to neoliberalism has largely crowded out concern for the [effects of Brexit](#) on workers' rights, human rights, and divisions between native and immigrant workers.

While the analysis in this part of our Perspectives focuses on the US case, many of its arguments should shed light on developments across the pond.

The developments sketched above should be understood within the context of a global economy that has never rebounded strongly from the Great Recession. Although the US unemployment rate has fallen from its high of 10% in 2009 to 4.3% in 2017, it would be a mistake to take this as an indicator of a thorough recovery, because the unemployment rate fails to count as unemployed those who have [stopped looking for work](#). The US labor-force participation rate—

the percentage of the adult population that is either working or actively looking for work—has not recovered at all, falling from 66% in 2007 to 62%, where it has hovered for the past 3 years. The employment-population ratio—the percentage of the adult population that is working—has had an anemic recovery.<sup>6</sup> These figures suggest that high unemployment remains a significant problem for the US economy. Furthermore, the share of workers who hold precarious jobs (the “precariat”) has risen as self-employment and the “gig-economy” have expanded, and a large percentage of new job growth is in low-wage sectors. These trends suggest that the low unemployment rate [disguises an underlying malaise](#) that continues to afflict many parts of the working class.

The ideological crisis of capitalism, combined with continued economic precariousness, opens the door for economic-populist programs, which harken back to the postwar economic boom of the 1940s and 1950s, and promise that proper state intervention into the economy can bring about a return to boom conditions. In addition, some on the left believe that economic populism is the only way to fight Trumpism. They argue not only that a left alternative to Trumpism must stand for something, but also that the something it stands for should be an economic-populist program that can appeal to parts of Trump’s base by addressing its “economic distress” (an alleged fact that will be discussed later in these Perspectives).

A significant number of the “Sandernistas” (Bernie Sanders supporters) are downwardly mobile, college-educated young people who have emerged from college saddled with debt only to face a job market significantly bleaker than their parents faced a generation earlier. This has made for a new generation of young “radicalized” people who are attracted to the Sanders narrative, especially as populist leaders have taken on the cause of student debt. This part of the left-populist base is complex in the sense that it combines the unfulfilled expectations of a highly-educated and, on the whole, relatively well-off segment of society with a desire for some sort of systematic social change and a break with the status quo. The demographics of this base help to account for certain aspects of the Sandernista ideology, such as the focus on student debt and health care—issues which are of a material interest to its base—and the desire for redistributionist politics that do not threaten the capitalist mode of production. The packaging of old, reformist ideas as “revolutionary” is a particularly cynical aspect of the populist marketing campaign that has made the Sanders brand so attractive to young people looking for a political identity.

Left and right populists share a conviction that the status quo must be overthrown, and a deep suspicion of elites and establishment politicians. Right populists tap into a long US tradition of white nationalism and authoritarianism. It is a political current that is anti-democratic and anti-humanist. As we discuss in a later part of these Perspectives, while Trump’s election campaign contained some economic ideas (protectionism, lowering taxes, repealing the Affordable Care Act, etc.), it was his naked racism and authoritarianism that galvanized his base. This dynamic has continued into the present as his base continues to maintain its loyalty to Trump despite the fact that he has failed to follow through on any of his economic promises. Instead, loyalty is maintained through Trump’s attacks on internal and external enemies, much in the same way that Nazism maintained its loyal base.

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<sup>6</sup> The data are from the US Bureau of Labor Statistics.

Left populists are vying for space within the larger anti-Trump Resistance. Left economic populism, which seeks to give the Resistance a cohesion by prioritizing social-democratic economic reforms, does not necessarily appear in a pure form. Populist organizations, like Our Revolution and Justice Democrats, often combine populist economic proposals with other issues, like criminal justice reform or LGBTQ rights. Nevertheless, economic populists contend that it is economic populism alone that can create a broad electoral base by appealing to economic interests across the political divide. This creates a conflict when economic appeals to so-called “white working class”<sup>7</sup> Trump voters require left populists to downplay or ignore anti-racist, anti-sexist, and pro-immigrant politics.

For instance, AFL-CIO president [Richard Trumka said](#) of Trump’s position on immigration that he was “actually pleasantly surprised to hear him say that the system is broken and [the problem is] legal immigration as well as undocumented people. ... This is the first time you heard the president talk about legal immigration being used to drive down wages. We’ve been saying that for a long time.” The AFL-CIO’s stance seems to be to resist Trump on specific issues that affect union organization but [not to offer blanket resistance](#) or speak out against racism within the union membership. Meanwhile, the Working Families Party, part of a coalition of union-based organizations that attempt to resist Trump while also advocating a leftward turn in AFL-CIO politics, goes door to door with flyers that only advertise economic policies like universal health care, even though its platform actually includes support for immigrants and BLM.

The fact is that there are a great many Trump voters within the AFL-CIO, especially in the building trades. Leftists in the union movement do not know how to go about confronting the racism and the proto-fascist element within their own organizations, and so they hope that pure economism will create the social cohesion they need to advance a pro-worker agenda. By taking such a tactical stand, they are playing a dangerous game. As we discussed in Part II of these Perspectives, racism and sexism have done more to divide the US working class than anything else. By not prioritizing anti-racism, anti-sexism, and anti-fascism, unions stand on the slippery slope of appealing to nativist, nationalist, and racist ideas in an attempt to hold onto a broad constituency.

Another reason to reject left economic populism is that it is based on ideas that are incoherent and incorrect. On close examination, it exists in a sort of mythological space.

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<sup>7</sup> Because the US working class is multiracial, multiethnic, and multinational—40% of it consists of [Latinos, Blacks, Asian-Americans, and Native Americans](#)—the term “white working class,” which suggests that the working class is white, is misleading at best. And use of this term in current political discourse is divisive and racist; it takes for granted that the interests of white workers differ from those of other workers. That assumption is antithetical to the causes of proletarian internationalism, national liberation, and the freedom of every individual.

In addition, the term “white working class” is typically applied to whites without college degrees. This is a misuse of the concept of *working class*, since businesspeople and other non-workers without college degrees get included in the working class, while millions of proletarians who have at least four-year college degrees are excluded. For example, 11.4 million of the 52.4 million US employees with at least four-year college degrees—more than one-fifth of the total—are teachers (other than administrators) or healthcare workers (other than doctors and dentists). Another 9.2 million are sales or office workers (other than supervisors).

## The Mythology of the Populist Left

### Neoliberalism as a Political Project

For some time now, left thinking has characterized our age as a neoliberal age, blaming all of the economic ills of our time, from rising inequality to the Great Recession, on neoliberal policies. This characterization is based on an assumption that the development of capitalism is shaped by political will and by the ideas behind this political will. It is reinforced by a further myth, that the New Deal was responsible for the US economy's recovery from the Great Depression.

Yet the economic trends associated with neoliberalism (sluggish growth, global financial instability, rising debt burdens, decline in compensation growth, rising inequality, and decline in infrastructure spending) all began prior to the ascension of Reagan, Thatcher, and other neoliberals, while Keynesians were running the show. It is more plausible to understand these trends as an expression of the economic crisis of the 1970s and the failure of global capitalism to fully recover from that crisis. And it was the massive destruction of capital that occurred during the Great Depression that set the stage for recovery, not the New Deal.<sup>8</sup>

To blame individuals or neoliberal philosophy for the secular tendencies of global capitalism over the last 40 years is to ascribe superhuman powers to individuals—the power to impose their will on a mode of production that has its own autonomous laws that operate behind the backs of producers and politicians. Such voluntarism stands in opposition to Marx's method of treating economic actors as personifications of economic categories.

Today, capitalism seems to limp along uncertainly after the Great Recession. It is not clear that any massive economic expansion on the scale of the postwar boom is in sight. This means that it is unlikely that the massive social spending proposed by left populists can be achieved without harming capital and thus the economy. In addition, the capitalist class is not faced with a militant, organized labor movement that is forcing it to offer the carrot of social democracy as a concession.

### Ford's \$5 Day

An iconic tidbit of left mythology is the story of Henry Ford who, it is said, brilliantly discovered that by paying his workers higher wages, \$5 a day, they could buy more Ford automobiles, thus boosting the economic fortunes of the Ford Motor Company. This legend is used to advocate the theory that raising wages is good for the capitalist economy because it boosts consumer demand and therefore profits. However, Ford actually raised wages to attract a stable workforce, not to sell more cars. Indeed, *it is impossible to boost profits by paying your workers more. Raising*

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<sup>8</sup> Andrew Kliman, *The Failure of Capitalist Production: Underlying Causes of the Great Recession*. London: Pluto Press, 2012, pp. 23–24, 48–73, 76–77.

*wages cuts into profits, even if those workers go out and buy back their own product with their wages.*<sup>9</sup>

The logic behind the Ford parable is one of class compromise. The parable furthers the false notion that what is good for workers is good for capitalism. It fits perfectly into the anti-neoliberal world view that sees contemporary problems as the result of badly managed capitalism rather than capitalism per se.

### Ideal Deal

The calls for a new left populism often display an [overly romantic and optimistic](#) picture of postwar America. They [harken](#) back to the “glory days” of American prosperity in the postwar boom of the mid-20th century, when the US had a relatively robust welfare state, wages rose, policy makers saw a big role for the state in the maintenance of capitalist growth and regulation of class conflict, the state invested in big infrastructure projects, and the US had a strong manufacturing base that employed many people.

The commonly repeated tale of prosperity and upward mobility is primarily a tale of prosperity for unionized male workers in certain industries, not for the working class as a whole. Further, this subset of workers paid for their rising fortunes by sacrificing their political power as the union movement ossified into a bureaucratic adjunct to the Democratic Party.

Left populists also seem to conveniently forget that the macroeconomic philosophy of the postwar boom—the [Keynesian trade-off between employment and inflation](#)—came into contradiction with reality in the 1970s, when the economy experienced rising unemployment and rising inflation simultaneously. This serious failure of both theory and policy is often ignored and unaccounted for in the contemporary left enthusiasm for the miraculous, stabilizing power of state intervention in the economy.

### Off-shoring as the Big Job Killer

Bernie Sanders’ and others’ plan to reverse free-trade agreements in order to bring manufacturing jobs back to America. Trump promised this too. However, while jobs certainly have left the US as companies have sought out cheaper labor overseas, [automation has been the](#)

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<sup>9</sup> If Ford workers receive \$1 million more, the company’s profit is reduced by \$1 million unless the workers go out and buy more Fords. If they spend *all* of their wage increase on extra Fords, it might seem that the company fully recoups the profit it has lost. However, to produce the extra cars, Ford has to buy extra non-labor inputs, so its net reduction in profit will be equal to the cost of these extra inputs. If only some of the extra wages are spent on extra Fords, the net reduction in its profit will be equal to the cost of the extra non-labor inputs needed to produce the extra Fords *plus* the portion of the wage increase that its workers don’t spend on extra Fords. Thus the company suffers a drop in profit in all possible cases.

[biggest job killer over the long run](#). Many of the jobs that left for overseas would have eventually been replaced by robots anyway.

The left-populist instinct to blame neoliberal free-trade policy contains many dangers. For one, it potentially divides the international working class, as workers of different countries compete to be exploited by capital, all the while ignoring the struggle between labor and capital (in the form of machines) in the workplace. It relies on nationalism and xenophobia, rather than working-class solidarity, to mobilize a mass base. Finally, this anti-free-trade politics raises the question of whether the manufacturing jobs that came back to the US would really be jobs we want, and how long they would last before being taken over by robots.

### Social Democracy is Left Politics

Many hold the assumption that social-democratic politics are inherently leftist politics. Even those who criticize Sanders for being too reformist still often share the [assumption that there is something essentially leftist](#) about the social-democratic project he represents. Venture capitalist and self-described plutocrat Nick Hanauer gave a much better characterization of social democracy in a [recent memo to his “Fellow Zillionaires”](#):

if we do not do something to fix the glaring economic inequities in our society, the pitchforks will come for us, for no free and open society can long sustain this kind of rising economic inequality.

There we have it, straight from the horse's mouth: social democracy is there to save capitalism, not to fight it.

### **Political Implications**

We need to think critically about how to engage in the Resistance against Trumpism while also critically engaging with left populism. MHI is not a political party and it is not our role to take positions on every issue and platform. Rather, our role is to help in the development of thought that lays the ground for revolution. In this regard, there are some theoretical distinctions that we can make that can be helpful in framing how the Resistance relates to calls for a left economic populism.

### Fighting for Concessions vs. Claiming to Solve Capital's Contradictions

There is a difference between fighting for concessions from the capitalist class on the one hand, and campaigning to run the capitalist state better than the capitalists on the other. Leftists should not be involved in the impossible task of saving capitalism from its internal contradictions. This will only end badly—as was illustrated by Syriza's humiliating capitulation to the EU, after having persuaded the Greek anti-austerity movement to leave the streets and channel its energy into electoral politics. The left should support workers' struggles for concessions from the



capitalist class, especially ones that make the working class stronger politically and contribute to its self-development. But it should never defend these struggles by invoking the false narrative that what is good for the working class is good for capitalism. Whether or not a particular concession, say state spending for health care, should be fought for at a particular place and time is not something that can be answered in the abstract. But what should be said is that it is wrong for the left to project the false idea that concessions which help the working class will be good for capitalism.

### Voting vs. Supporting

The anti-neoliberal aesthetic, especially among young Sandernistas, is such that many would rather allow Trump to be elected than to dirty their hands voting for a centrist neoliberal like Clinton. As the 2018 midterm elections approach in the US, we are bound to encounter the same discussions we encountered in 2016 when we wrote that [the extraordinary dangers of Trump and Trumpism](#) make it important for people to understand the difference between voting against Trump and supporting Clinton. “Supporting” constitutes a wider sphere of thinking and action than “voting” does. One can vote against Trumpism, even if that means voting for a centrist, without being in support of centrism.

### Fighting Neoliberalism vs. Fighting Capitalism—including Proto- and Neo-Fascism

Once one takes into consideration the foolhardy and dangerous nature of the left economic-populist project, it becomes apparent how meaningless a gesture was made by those who abstained from voting for Clinton in order to purify themselves for the Bernie revolution. Convinced that building a left-populist political movement is more important than defeating fascism, many left populists now play a dangerous game. Some even seek common cause with Trump to the extent that he represents an attack on the neoliberal order.

The possibility now exists that such sentiment may assist the rise of fascism. It has now become common even to see defenses of Trump coming from within the left, such as [Chris Cutrone's comment](#) that “Anti-Trump-ism is the problem and obstacle, not Trump.” In last year's US election and this year's presidential election in France, strikingly large sections of the left refused to vote for the centrist, preferring to “go down with the boat.” Left intellectual [Slavoj Žižek](#) advised French voters to abstain from voting in that country's second-round presidential election, arguing that “there is no real choice between [Emmanuel] Macron and [Marine] Le Pen,” i.e., between a neoliberal centrist and a neo-fascist.

This thinking comes from those who view neoliberalism, rather than capitalism, as the enemy and who therefore prioritize fighting against neoliberalism over developing real anti-capitalist ideas.<sup>10</sup> When ideas become tangled like this, when the line between right and left starts to blur,

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<sup>10</sup> Like Jill Stein, whom we quoted above, and many others, Žižek argues that neoliberalism leads to fascism and that therefore Macron and Le Pen are essentially the same. Such an argument exactly mirrors the Comintern theory of “social fascism” prior to WWII, which argued

it means that fascism is creeping into the political sphere. It is crucial to make distinctions that can help untangle this mess of ideas.

One such distinction that we must project is that the critique of neoliberalism is a misplaced critique; it blames ideology and politics for the contradictions of capitalism. We also must make it clear that replacing neoliberalism with social democracy will not resolve these contradictions. And finally, we must make clear the extreme danger that fascist movements around the globe present.

At the same time, we must reject the vulgar philosophizing of those who claim a false equivalence between all political forms of capitalist rule, whereupon neoliberalism or social democracy are regarded as just fascism in disguise, or as leading inevitably to fascism in accordance with some vulgar teleology. Capitalist states have taken many forms at different times in history and none of this history is pre-determined by the mode of production. There is nothing inevitable about the rise of fascism. It can be fought, and it must be fought.

### Economic Populism is Not the Only Form of Left Politics

There is an unchallenged preconception among some on the left: that every social issue can be reduced to an economic struggle and therefore that all left politics must begin with an economic platform. This is not the case. There are plenty of forms of political resistance to fascism that do not require an immediate economic platform.

If we resist the call for economic populism, this does not mean that we undercut the ability of the left to engage in resistance in the here and now, holding out for the abolition of the capitalist mode of production in some distant future when conditions happen to be ripe. The Resistance is actively fighting for the rights of immigrants, fighting racism, and fighting against assaults on democracy. None of these fights requires a platform of economic reforms. In fact, the elevation of economic populism to the central position, as the key demand and focus of politics, is a potential threat to the fight against racism, sexism, and xenophobia in that it seeks to attract a proto-fascist base through an appeal to immediate self-interest rather than tackling the ideology of Trumpism head-on.

### Ideas are Important

At the center of the left-populist political vision is a popular leader who will seize the reins of the capitalist state on behalf of the masses. This reproduces the capitalist division between mental and manual labor in that the masses function only as bodies, only as numbers.

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that social democracy led to fascism and that communist parties, like the Communist Party of Germany (CPG), should fight social democracy rather than fascism. The CPG followed this strategy until 1933 when Hitler came to power. Its entire membership was either killed or sent to the first Nazi concentration camps.



Accordingly, as we will discuss further in the next part of these Perspectives, proponents of the new left populism seek to win adherents by appealing to popular superstitions and myths, and by offering easy answers in response to popular discontent. Left populism does not worry about the difficulty of delivering on its promises as long as they win new adherents with these promises. Above all else, this is what makes it populism. It is also the trait it has most in common with Trumpism.

Bernie Sanders did not arrive at his platform and rhetoric through careful study of the history of 20th-century social democracy. Rather, he rose to popularity with a handful of soundbites that found an easy resonance among people. Although [many economists argue](#) that his economic plans are unrealistic and contain egregious mathematical errors, this does not phase his base. His base was already convinced, prior to examining the arguments, that he is correct. Yet, if left economic populists win elections but fail to deliver on their promises, right-wing populists will be in the wings, waiting to take over.

This opportunistic relationship to ideas is everywhere in our culture, but it cannot form the basis for a real left project that aims to confront the central contradictions of our era and to posit a way out of them. Such a project requires the self-development of people, which in turn requires that they take ideas seriously and learn to think for themselves.