Neoliberalism and the new political crisis in the West

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Introduction

A decade after the global financial crisis, it seems apt to reflect on the theory and practice of neoliberalism. Most widely understood as a set of market rationalities and logics taken up by governments and other institutional actors from the 1980s onwards neoliberalism continues to dominate political discourse policy today. The enormity of the impact of the global financial crisis and subsequent age of austerity on individuals and societies has not fuelled a move away from a market-based approach to political, economic, institutional and organisational practices (Peck, 2013). Immediately after the crisis neoliberalism was discussed in the past tense, but more recently governments and intergovernmental organisations have sought to recreate and guarantee competitive market conditions. Interventionist responses may appear to be in contrast with previous state approaches, particularly the ‘roll back’ phase of neoliberalism during the 1980s and early 1990s, when efforts to mobilise and extend markets and market logics saw the destruction and discrediting of Keynesian forms of state intervention (Peck and Tickell, 2002). But they are keeping with Austrian and Chicago School understandings of neoliberalism as a form of state facilitated market rule. As the work of Hayek (1944) and Friedman (2002) makes clear, a wide range of organisations, institutions, social movements and individuals have a role to play in market-driven economies. The rhetoric of neoliberalism as a set of free market principles achieved in the absence of management is illusory.

That is not to say that growing inequality in the context of recession and austerity has not led to a transformation in the discursive, material and institutional attributes of neoliberalism in heartland nations like the United States and the
United Kingdom. While neoliberalism retains a hold on the political imagination, the activities that help to establish its policy applications are now different. The political shape of neoliberalism has shifted and changed with promises to revive ‘national greatness’ no longer seen as inconsistent with the central edicts of neoliberal globalisation (Bachmann and Sidaway, 2016). Whereas neoliberalism was once linked with laissez faire economic policy, recent years have seen the lauding of programmes that seek to insulate local communities from global economic forces. At the same time, ethno-nationalism and a backlash against minorities and their distinct cultures mark a point of departure from dominant understandings of what might be consistent with a neoliberal approach to economic governance, specifically interconnected markets and the free movement of goods and people.

Emerging theories of what some have termed ‘post-crash neoliberalism’ suggest that this is because interpretations of the financial crisis as market failure have buttressed the connections between race and neoliberalism (Hoskins and Tulloch, 2016; Whitham, 2018; see also Roberts and Mahtani, 2010). Not only have media discourses about immigration increasing welfare spending garnered support for cuts to welfare budgets and the dismantling of social programmes, but the embrace of welfare austerity in the wake of the financial crisis has altered the understandings and experiences of race in society (Roberts, 2016). With public debate focused on immigration, the marginalisation of a ‘left behind’ section of society whose working lives are characterised by temporariness and precarity has become discursively linked to concerns that date back to the War on Terror regarding the ability of states to protect their own borders (Hoskins and Tulloch, 2016; Whitham, 2018). This can be seen in claims that racialised ‘others’ are to blame for the effects of the crisis, which have paved the way for the confluence of neoliberalism with authoritarianism and new modalities of developmentalism in recent years (Bruff, 2014; Koch, 2017; Rustin, 2015).

With the literature on austerity having established that retrenchment hits lower income groups the hardest and that struggling regions are more affected than those that are prosperous, a focus on the co-constitution of race and neoliberalism provides a fresh insight into the structures of inequality that persist in society. Moreover, it allows for an understanding of how the experience of recession and austerity has bolstered support for an anti-globalisation, pro-localism vision that looks set to further marginalise the poorest members of society by camouflaging systems of privilege within an apparent meritocracy that ‘mask[s] racism through its value-laden project’ (Roberts and Mahtani, 2010: 253). Spotlighting the ‘linkages between neoliberal economic and foreign policy, migration and issues of security and terror’ (Hoskins and Tulloch, 2016: 131) there is an emerging body of scholarship that seeks to understand the
nationalism and nativism of support for Brexit in the UK and the parallel rise of Donald Trump in the US in relation to the regulatory restraints, privatisation, rolling tax cuts and public-sector austerity now being pursued. This article builds on this work through a particular focus on the extent to which government responses to the financial crisis have impacted the theory and practice of neoliberalism along with the processes through which race comes to have meaning and be experienced. It argues that the relationship between race and neoliberalism has given rise to a new political crisis in the West, as evidenced by the rise of authoritarian leaders and right-wing political movements that actively construct a turning point in politics by stimulating or reinforcing feelings of discontent (De Cleen and Stavrakakis, 2017; Moffitt, 2015).

Theorising post-crash neoliberalism

Many scholarly accounts of neoliberalism imply an historical lineage with two key periods of policy implementation (after Peck and Tickell, 2002). The first a ‘roll back’ phase, comprising programmes to downsize and privatise the state and public services. The second – subsequent – stage comprising ‘roll out’ mechanisms intended to cultivate individualistic self-interest, entrepreneurial values and consumerism through supply-side intermediation. In this second stage, arguments from politicians and business leaders, think tanks and policy institutes about the fiscal and social cost of comprehensive welfare provision are used to usher in programmes that seek to encourage self-reliance rather than ameliorate the condition of oppressed or marginalised groups. While predicated on the promotion of a minimalist state infrastructure these schemes do not typically reduce the overall size of government nor spending on social insurance. The use of compulsions is chiefly to mould unemployed subjects into approved types of economic actors through the establishment of a ‘workfare’ regime in which welfare spending serves the market (MacLeavy, 2011; Peck, 2001).

Given the combination of retrenchment and tax cuts in many countries it is posited that a return to ‘roll back’ neoliberalism is in progress (see Peck, 2013). Moreover, its invocation is more extreme than before as political actors have used the financial crisis to (further) criticise and delegitimise the welfare element of the post-war settlement between labour and capital. Claims about the fiscal and social cost of state support have seen entitlement cutbacks framed as a judicious response to the ‘problem’ of government debt (Blyth, 2013; Crouch, 2011). At one level, the residualisation of state welfare can be seen to represent the success of economic arguments in support of work incentives and welfare disincentives that were a feature of ‘roll out’ neoliberalism. At another, the outcomes of austerity measures demonstrate the ongoing necessity of the welfare state as ‘safety net’
and a failure to recognise the extent to which marginal and poor communities bear the social costs of government downsizing and the privatisation of state-owned assets (Farnsworth and Irving, 2018). In contrast to the first ‘roll back’ phase, a right-wing populist logic is being used to further market fundamentalism through the blending of neoliberal ideals ‘with older conservative attachments to nation, racial homogeneity, Empire and tradition’ (Hall, 2015: 22).

What might be termed the ‘post-crash roll back’ position is epistemologically similar to the pre-crash roll-back/roll-out approaches that came before: it manifests an ambition to reorganise the social world such that all human behaviour is governed through economic incentives. Neoliberalism continues not just in the marketisation of all spheres of life, but in the portrayal of all societal problems as solvable primarily through economic means. Debt is diagnosed as the primary cause of the global financial crisis and austerity as a non-ideological solution (Farnsworth and Irving, 2018). Moreover, ‘post-crash neoliberalism’ sees the removal from public debate of policies that seek to inculcate competition in all areas and an unwavering belief in markets and market logics. This has led to suggestions that neoliberalism is best conceived as a political economic vision that progresses what economists Yahya Madra and Fikret Adaman (2014: 692) term the ‘economisation of the social, materialised either through the naturalisation of economic processes or the technocratisation of their governance or both’.

Madra and Adaman’s (2014) definition sees neoliberalism denoting a set of social, economic and political arrangements that continually transform to resolve and absorb criticism (see also Ban, 2016). Neoliberalism is not a set of free market principles so much as an evolving political project that advances as actors and organisations dissipate challenges to its economic, organisational and institutional ideals (Peck, 2010). This shape-shifting ability is evident when we consider how consternation about deregulation following the global financial crisis led to liquidity support, interbank lending guarantees and the recapitalisation of distressed banks as states acted to restore faith and confidence in the market (actions that would have previously been seen as being in opposition to the neoliberal project). It is also discerned through the process of depoliticisation that occurs as a result of the application of economic principles to all spheres of life. Economisation has the effect of re-framing problems such as inequality and uneven development – outcomes of the cuts and reforms within the public sphere – not as social problems but technical faults that can be resolved through incentive-compatible mechanisms (progressed through a re-establishment of market relations, re-tasking of the role of the state and individual responsibility). Hence why the crisis ended up benefitting corporate
and financial bodies rather than those segments of society that were disadvantaged through earlier phases of neoliberalism (Giroux, 2017). The crash and recession ushered in austerity programming that afforded priority to economic growth and silenced attempts to rethink the very organisation of economic practices in a manner that enables a break from the boom and bust cycles of capitalism (Madra and Adaman, 2014).

The fact that the crisis saw the eventual renewal of the neoliberal doctrine in the strategy of austerity underscores how the framing of the crisis as a problem of ‘debt’ helped to diffuse resistance to the promotion of market-based economic sensibilities (Clarke, 2015). Consternation with the manner in which economic risk was being shifted down to the level of the individual and the state absolved of certain social duties was quashed through the public debt narrative (Farnsworth and Irving, 2018; see also Peck and Theodore, 2019). With public debt the problem, arguments for welfare state expansion were difficult to establish: the cognizance of government deficits promoted by international organisations and accepted by the European Union and national governments set the limits of political projects that were to shape the shifting power dynamic between labour and capital in the wake of the crisis (Fine and Saad-Filho, 2017). By presenting austerity as a ‘necessary evil’ narratives of the crisis concealed the political character of economic decision-making whilst at the same time stressing the necessity of immediate, decisive and arbitrary intervention (Standring, 2018).

The apparent consensus around the need for fiscal restraint took economic policy debates out of the realm of politics in a move that reinforced the actual processes and practices of neoliberal governance. This progressed the depoliticisation of society as ideas about self-sufficiency were used to advance notions that people are individually responsible for the hardships they suffer (Giroux, 2017). As Wood and Flinders (2014: 138) make clear, depoliticisation is not ‘the removal of politics’ but rather ‘the denial of politics or the imposition of a specific (and highly politicised) model of statecraft’ that makes people feel disempowered. Although presented as an apolitical response, austerity is an intensely political project in which the remaining bonds of solidarity that characterised post-war welfare state building are dissolved as local and national communities become increasingly fragmented (Farnsworth and Irving, 2018). Viewed as such, the battery of austerity measures in the UK and US, amongst other nations, appear to mark the absence of a counterhegemonic left politics that can serve as a viable alternative and counterweight to the reactionary forces that configure the pathways and horizons of government and policy (Peck and Theodore, 2019).

Recognising the resurgent politics of social scapegoating that has accompanied the implementation of austerity, the divisionary nationalist tendencies of the
post-crash era have been considered. Whilst not always confronting ‘big-N neoliberalism’, a number of studies explore how the economisation of the political works to reify a social hierarchy that shapes the lives of certain racialised groups and also modifies the linkages between race and the series of ‘local neoliberalisms’ that exist in a state of complex interdependence (Peck and Theodore, 2019: 247; cf. Roberts and Mahtani, 2010). Attending particularly to the ways in which political, ideological, cultural and economic power is being enrolled into a particular kind of ‘common sense’ affords a new understanding of the actors contributing to neoliberal change and transformation in the current period. It provides a means of understanding how in the UK class-based resistance to the redrawing of the boundaries between the state and its citizenry has been diffused and appropriated into other forms of identity politics giving rise to Brexit; and in the US a promise to ‘Make America great again’ has seen immigrants blamed for the ill effects of the financial crisis, preventing the level of solidarity necessary to change economic direction (Ingram, 2017; see also MacLeavy and Manley, 2018a). These countries are amongst those that have seen the revitalisation of neoliberalism through the reconfiguration of the nation in terms of imaginary racial purity (Whitham, 2018). They are presented as cases where promises of national resurgence have advanced the slide into authoritarianism owing to the success of populist leaders in creating a demand for new modalities of developmentalism that progress a form of neoliberal economic restructuring, which takes economic growth as its core objective and fails to implement measures to address the negative impacts of a market-based approach (Norris and Inglehart, 2019).

The authoritarian turn

Having theorised the latest stage of neoliberalism as involving the re-presentation of market rationalities and logics within a national developmentalist frame, the cultural and political consequences of a policy emphasis on sustained economic growth are brought to the fore; specifically, the utility of growing disparities and the feelings of discontent generated by economic marginality for different political parties and movements. In particular, the manner in which critiques of neoliberal statecraft have given credence to a radical right politics has been used to underscore the organisational advantage of adopting a more determined and limited conception of societal demands and identities, and the comparative difficulty in mobilising on the basis of a variety of claims articulated by groups that may be equally disadvantaged, but who do not share a single social position. As illustration of this, the tendency for right-wing populisms to revolve around an exclusionary nationalist core, whilst those on the left articulate a more inclusive understanding of ‘the people’ and their demands has been noted (De
Cleen et al., 2018). In analyses of the Brexit vote and the 2016 US presidential election scholars have stressed the profoundly political work undertaken by populist politicians seeking to establish a new set of ideas about politics and society.

Within this body of literature, racism and xenophobia have emerged as core concerns. Building on post-9/11 Islamophobic sentiments, reinforced by the refugee crisis post-2014, right-wing political actors and media organisations are identified as stoking fears of racial, ethnic and religious ‘others’ in an effort to portray protectionism as the solution to those ‘left behind’ through the open borders growth mantra of the International Monetary Fund, World Trade Organization, and the World Bank. For example, the critique of ‘trickle-down’ theories has been a focus of populist political campaigns on both sides of the Atlantic. Donald Trump’s presidential election campaign posited that the US economy and its workers were suffering as a result of badly negotiated trade agreements, whilst leading campaigners for Brexit argued that the UK would be better off outside Europe with the freedom to negotiate its own bilateral trade agreements with other countries (Ben-Ami, 2017). While a substantial change in trade and economic organisation could offer gains for the mass of voters, the trajectory of developments looks set to provide incentives for capital accumulation that will serve only to fuel social and spatial stratification in both of these nations (MacLeavy and Manley, 2018a).

The continued faith that business (rather than the state) can deliver human progress and public goods is clearly evident within the protectionist rhetoric of Trump. It can also be traced within the growing scepticism towards EU free trade arrangements expressed in the run up to the UK referendum on EU membership. Brexit may be ‘the biggest act of protectionism in history’ (Former Chancellor George Osbourne, quoted in Stone, 2017) but it is not anti-neoliberal if we understand neoliberalism to be based on the assumption that economic growth can act as a remedy to societal problems (Madra and Adaman, 2014). Furthermore, while Brexit was proposed as the solution to the ill effects of neoliberalism, the vote to leave was not explicitly about the impact of quasi-neoliberal institutions (e.g. the Single Market) and actors (e.g. EU) on domestic companies and workers; the remit of the EU is somewhat broader and membership was seen to represent a step towards full economic and political integration (Bromley-Davenport et al., 2018).

The turn towards national developmentalism is, then, notable for the manner in which it reworks neoliberal politics and the discourses with which neoliberalism is associated. Developments in the US and UK involve the creation of new controllable markets but look unlikely to satisfy the diverse needs of the
population by spreading the risks associated with capitalist development through measures involving the redistribution of wealth, renewed investment in public services or the replenishment of public resources. Instead the attempt to combine development state style efforts to promote economic advantage with the neoliberal principles of self-sufficiency and self-advancement intensifies the contradictions embedded within the labour-capital settlement, creating the conditions under which authoritarianism can flourish (Isaac, 2018). The economistic view of the factors exerting a negative influence on marginal and poor communities brings with it an approach to politics that opposes limits on government owing to the belief that these impede those in power from treating politics as simply another form of market or corporate rule. This paves the way for political change that risks both social justice and liberal democracy.

In this respect, Donald Trump’s authoritarian mode of leadership is indicative of a systemic crisis of neoliberalism that political theorist Nancy Fraser (2017) argues is borne from the fractured nexus of distribution and recognition on which the authority of the established political classes and political parties has been built. Across various nodes within global capitalism, the distributive aspect has been eroded by deindustrialisation, the weakening of unions, and the spread of precarious, badly paid work, which has seen the hollowing out of the middle classes and the transfer of wealth upward to the “one per cent” elite (MacLeavy and Manley, 2018b). The politics of recognition, embodied in the core ideals of diversity, women’s empowerment and LGBTQ rights, has been attenuated by the construction of equality as meritocracy. This meritocratic politics of recognition leaves socio-economic hierarchies untouched such that they yield unequal, differentiated access to social resources (MacLeavy and Manley, 2018a). With no political movement opposing the decimation of living standards for the vast majority, a space emerged for those campaigning on populist themes to draw in a mass of voters wanting to voice their grievances and dissatisfaction with the status quo and was filled by a sway of authoritarian and populist leaders that came to – or consolidated – their power through the sacrifice of universalist and egalitarian principles.

We see this in the US with Trump’s denouncement of financialisation, deindustrialisation and corporate globalisation, which is coloured with nationalist and protectionist language and has the effect of strengthening long standing exclusionary tropes by creating a fear of the other (Fraser, 2017). Undocumented immigrants and Muslim refugees, as well as civil rights activists protesting police violence against black people, are presented as threatening the American way of life in a series of provocations that characterise a chaotic, unstable and fragile presidency. Altogether these serve to harden the boundaries between the relatively powerful and the disadvantaged, rather than resolve the conditions
under which inequalities in wealth, power and possibility arise. This is not only because once elected Trump abandoned his proposed job-creating public infrastructure projects and investments in manufacturing and mining. Nor the fact that he has done little to rein in Wall Street. It is because his revanchist, exclusionary mode of national developmentalism proceeds by deflecting attention away from the structural basis of social inequalities and (re)establishing invidious hierarchies of status in which race and ethnicity feature prominently (Isaac, 2018).

It is also mirrored in the UK where Nigel Farage and the United Kingdom Independence Party (UKIP) made promises of national developmentalism that cannot be met in practice because of the economistic approach that informs them. Having once targeted educated, well-off Conservatives, in the years following the financial crash UKIP orientated itself towards voters that were generally less educated, worse off, insecure and pessimistic (Ford and Goodwin, 2014). Farage (as the now former leader of UKIP, but no less prominent in debates on Brexit, having established and assumed leadership of The Brexit Party in 2019) has encouraged a national developmentalist reading of the factors leading to declining living standards, ballooning debt, and the multitude of stresses on family and community life. By suggesting these problems are borne of corrupt elites, limited power and a lack of democracy, his party has sought to mobilise support for the UK’s withdrawal from the EU in spite of the fact that this action puts the country on course for lower investment, fewer workers’ rights and many more people on a minimum wage. Following a series of challenges to the legitimacy of the 2016 referendum campaign, there has been a turn towards a more authoritarian mode of leadership. The ruling Conservative Party, responsible for negotiating the UK’s exit, have sought to depict any opposition as working to undermine ‘the will of the people’ and all debate in Westminster as a risk to the success of Brexit, as well as a cause of the damaging uncertainty and instability in the country. The use of authoritarian language to assert that a marginal majority vote for Brexit defines the general consensus has the effect of disempowering those not in support of Brexit or the manner in which it has been progressed.

In both countries the rhetorical case made for the restoration of a sovereign nation-state has allowed racism to flourish. Since the 1980s and the onset of neoliberalism, industrial decline and the reversal of the post-war settlement that protected labour from capital has left many facing the prospect and reality of downward social mobility (MacLeavy and Manley, 2018b). By attenuating the idea that people could better their lives by collective action, rather than by individual self-improvement, politicians and other actors have significantly weakened labour movements and the cultures of solidarity that re-imagine non-white
migrants (and their descendants) as part of the nation (Virdee and McGeever, 2018). By reshaping political subjectivities using ideas about freedom and self-sufficiency, the reforms they have implemented undermine the collective conscience creating an environment in which those who have the benefit of racial and national privilege can be more easily separated from those who do not. Moored in the valorisation of individual men and women, the political narratives of the past decade have become (ever more) intimately bound up with questions of race as the neoliberal economic agenda works to erode support for multiculturalism. It is against this background that the authoritarian right is seeking to frame the national state as being under attack from economic migrants and refugees, as much as globalist elites.

**Conclusions**

Developments in the field of politics point towards the normalisation of racism in political discourse and practice and everyday life. In particular, the promoted way of seeing – and simplifying – the socio-spatial transformation brought about by the extension of competitive markets into all areas of life encourages parts of the electorate to make sense of their experiences of economic pain through reference to racialised ‘others’, framed as unjustifiably privileged by state action and judicial activism (Saad-Filho, 2018). Authoritarian and populist leaders like Donald Trump and movements against principles such as freedom of movement, as seen with the vote for Brexit, induce white voters to invest politically in an understanding of themselves as the chief or only losers of neoliberal processes, as manifested in and through globalisation. The consequences of this are two-fold. First modalities of difference such as race that remain salient in terms of the social positions of minority groups are elided and closed off from public scrutiny and debate (Fraser, 2017). Second by depoliticising the lived realities of other constituents on the grounds of race or citizenship the narrative of white victimhood militates against the establishment of a multi-ethnic class politics, which is necessary to support and enable alternatives to neoliberal hegemony and the ethno-nationalism project on which it currently depends (Virdee and McGeever, 2018).

Because it recognises the grievances felt by the traditional middle classes, underemployed skilled workers, the unemployed and informal workers with no realistic prospect of stable employment, ethno-nationalism can appear attractive, encouraging voters into believing that the forces promoting protectionism and xenophobia are good for them (Fraser, 2017). Yet it fails to recognise the heterogeneity of communities whose life chances have been destroyed by financialisation, deindustrialisation and corporate globalisation. Ethno-
nationalism relies upon a limited and superficial criticism of neoliberalism, in which class injustice is separated from (and prioritised over) racial injustice rather than viewed as inextricably intertwined with it. This means that the grievances arising from the experience of material economic change cannot be addressed and there is a risk of further social dissatisfaction and revolt that will destabilise (and may eventually defeat) the everyday reproductions of neoliberal thought. As economist Alfredo Saad-Filho (2018) argues, nationalist developmentalism sets the stage for a new political crisis that could engulf the entire system of accumulation. It widens the gap between those who align with progressive social forces (anti-racism, multiculturalism, feminism) and the strata that support purported economic developmental goals (whether framed in terms of the protection of domestic markets, industrial policies to upgrade manufacturing or a rising stock market) regardless of their deleterious effects.

Whilst it is clear that neoliberalism has been in turmoil, the orientation towards national developmentalism has enabled an unstable interregnum in which Fraser (2017: 56) notes, quoting Antonio Gramsci, ‘the old is dying and the new cannot be born’. This is not only because the tendency towards authoritarianism has allowed Western leaders to maintain a hold on power, but because there is not yet a project that is anti-neoliberal, let alone anti-capitalist. In this context, scholarship on neoliberalism might be best directed towards simultaneous critique and creation; concerned not only with what exists, but also what might exist in the future. Rather than analysing whether neoliberalism has entered a new phase, the question ought to become how best to support and enable alternatives to the production, promotion and preservation of market principles across different realms of life. There is a need to ‘activate the utopian imagination’ (De Cock et al., 2018: 671). For political theorist Chantal Mouffe (2018), this involves moving beyond the ‘social liberal’ version of neoliberalism (Hall, 2015) that has been advocated by centre left parties (who have not only accepted but also contributed to the politics of austerity) and constructing a left populist strategy that brings together the manifold struggles against subordination, oppression and discrimination. Thinking more expansively and critically about both present and future possibilities, she argues, is important in compelling scholars to open up, rather than shut down, the diverse opportunities for inventing and enacting the economic offerings, social practices and political commitments that may provide for more socially just arrangements.

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