

The Indiscreet Aggression of the Bourgeoisie*

C.P. Chandrasekhar

Neoliberal economic policy—the framework of measures that preaches market fundamentalism but uses the state to engineer a redistribution of income and assets in favour of finance capital and big business—has lost its legitimacy. A huge financial crisis and a decade of recession or low growth, that have hurt most sections except the elite 1 per cent, have convinced the majority in many countries that neoliberalism is no alternative. That change in mood was revealed by the Brexit vote and the Trump victory among other developments. However, this has not setback but unleashed a new aggression on the part of the neoliberal elite, which fears that the state may be captured by forces that not merely promise but actually implement in idiosyncratic ways a dismantling of its preferred policy framework. Across the world big business is attempting to influence economic decision-making in ways that can save the neoliberal project from collapse.

The political challenge to neoliberalism comes from two directions. One is from the left, weak in most contexts, but still present in others. The other is from the extreme right that senses that the best way to rise to power is to appeal to sections marginalized by the neoliberal wave. If this had been mere rhetoric, there would be no real cause for concern for the elite. But once even Donald Trump, who rose to power by appealing to the alienated majority, chose to rail against globalized capital and implement protectionist policies, it became clear that threat from the right was real.

As of now there is little that big capital can do to deal with the likes of Trump presiding over the world's most powerful capitalist nation. So, elite aggression has been directed at the right or the left elsewhere that seeks to challenge basic tenets of neoliberalism. Consider for example Mexico, preparing for an election in July, in which a poll of polls predicts that a candidate with a clear left agenda, Lopez Obrador, who contests for the third time since 2006, has a clear edge, with 44 per cent of the vote. Obrador, or “Amlo” as he is popularly referred to, comes with a pro-poor, redistributive agenda, which includes reorienting Mexico's excessively pro-big business policy environment. He has vowed to take on “the mafia of the powerful” and put an end to the “long dark night of neoliberalism”.

In response, big business leaders have chosen to come out openly against Amlo, in the hope that their opinion matters to their employees, shareholders and the population at large. In multiple letters the heads of many business groups— Grupo México, a mining, rail and infrastructure conglomerate; Femsa, the Coca-Cola bottling company; Grupo Herdez, a food company; Grupo Vasconia, a manufacturer of aluminium, tin and kitchen products; and Grupo Chihuahua, a construction company, among others—have chosen to caution employees, shareholders and voters against what they claim would be the catastrophic consequences of voting Obrador to power and allowing him to implement his “populist” policies.

In his letter to employees and shareholders, German Larrea, the chief executive of Grupo Mexico, warned that Mexicans had “recently heard worrying proposals of nationalising companies, scrapping the energy and education reforms among other ideas that would turn the clock back decades to an economic model that has been

more than proven not to work,” as had been illustrated by the experiences of “Venezuela, Argentina, Cuba, the former Soviet Union, among others.” The message was clear. Pro-poor “populist” policies that aim to reverse the regressive redistribution of income and assets to a small minority of the rich, would not work and would have damaging consequence on growth and development. However, in the words of José Ramón Elizondo, head of Grupo Vasconia, since everybody was “very mad at politicians because of corruption, impunity, insecurity, poor services and the lack of opportunities,” there is a real danger that that anger could cloud popular judgment “and could lead us (the country) down the road of populism.”

This kind of aggressive campaign against politicians and parties that could in any way undermine the comfortable run that neoliberalism has had over the last four decades took a bizarre turn in Italy, where a divisive vote forced the right-of-centre, eccentric Five Star Movement and the far-right League to come together and stake a claim to form a government, on the basis of a clear majority of seats. At the centre of the programme of these parties in coalition is a rejection of the policy framework being imposed on European Union member countries by European Commission bureaucrats implementing the corporate-driven, neoliberal EU agenda.

In what was seen as a declaration of intent to pursue that programme, Matteo Salvini, the leader of the League, and Luigi Di Maio, the leader of the Five Star Movement, nominated Paolo Savona, a known Eurosceptic, as finance minister. Being in a position to form the government the two parties had a right to choose their cabinet and the portfolios of different ministers. However, even while allowing the coalition to form a government, Italian President Sergio Mattarella refused to swear in one that was to be headed by Giuseppe Conte, the Prime Minister designate of the coalition, so long as Savona was named as finance minister. When the League and Five Star threatened to withdraw their offer of forming a government, which would have precipitated an election in which the far-right League was widely expected to strengthen its position, Mattarella stuck to his guns and decided to put in place a stopgap government to be headed by a Prime Minister nominated by him—Carlo Cottarelli, a former senior IMF official. The recourse to ex-IMF and World Bank employees to head governments in periods of political uncertainty has been heard of in developing countries. But this was unusual in a developed country context. Clearly Mattarella was serving the interests of those wanting to protect the currently operative European Union framework. The pressure, which was clearly exerted by forces bigger than Mattarella, was so strong that both the League and Five Star relented and shifted Savona out of the finance ministerial position, which was handed over to a nominee seen as less of an opponent of the European “compact”.

What was at issue in this bizarre and anti-democratic stand-off was not the xenophobia and anti-immigration rhetoric of the League, but the threat to the European Union framework on which European neoliberalism rests. And here too the case sought to be made against the rightist coalition’s opposition to the regressive economic and social policies imposed on EU members from Brussels is that it is populist rejection of sensible economic “discipline” that was disastrous for Italy and its people. However, the real reason for the opposition to Savona was the fear (not necessarily founded) that he would begin to undermine the neoliberal, corporate-led globalisation framework into which nations are tied by the principles of the European Union agreements.

One challenge that this elite aggression has to address is the loss of legitimacy of and support for forces advocating neoliberalism. The neoliberal propaganda machine attributes this apparent loss of legitimacy to the misdirected turn to “populism” of citizens confronted with government failure. José Ramón Elizondo of Grupo Vasconia, for example attributed the turn to populism to people being “mad at politicians because of corruption, impunity, insecurity, poor services and the lack of opportunities.” In Mexico and much of Latin America too, the turn away from establishment politicians and parties is attributed to corruption, impunity and the inability to combat crime. The aim of such explanations is to deny that popular anger and protest is triggered by the inequalising, marginalising and exclusionary effects of neoliberalism itself.

There remains the issue as to why politicians such as Mattarella are willing to so brazenly advance the interest of a financial and corporate elite bent on protecting the neoliberal framework, even when it could prove politically damaging. One reason is, of course the capture of representative democracy, given the need for huge contributions across the world to finance party propaganda and election campaigns. The other is a possible corrupt nexus between big business and politicians. As the Brazilian case illustrates the journey from mobilising contributions for elections to corruption can be short.

For big business, the collaboration with politicians, parties and the state results in a willingness to subsume all other issues to the need to mobilise defenders of the neoliberal class project of income and asset redistribution in its favour. Thus, while there was business opposition to a Eurosceptic Finance Minister, there is no similar opposition being expressed about the xenophobia, penchant for violent racism and fascist ant-immigrant platform of the far-right League. This only emboldens the far-right, which uses a divisive platform to mobilise political support, even while retreating on its promise to end the damaging EU project. The far-right leader Matteo Salvini, who now serves as interior minister in the Italian cabinet, has already called for a census to determine the individuals in the country Roma population should be deported. On the other hand, the Five Star Movement, which was reportedly not pleased with Salvini’s statements about the Roma, is not able to advance its anti-establishment and anti-EU agenda.

In India too, this kind of a nexus between big business and politics is visible. The former lauds the Modi government for its embrace of neoliberalism and complains when it feels “reform” is slowing or monitoring and regulation of big capital is holding back the neoliberal project of extracting large surpluses. On the other hand, big business and the media it increasingly controls is unwilling to criticise and oppose the aggressive and violent majoritarian politics that the RSS, BJP and their associated organisations are known to pursue. If such politics can deliver votes, even when inequalising economic policies are adopted, that only suits the interests of finance and big business.

*** This article was originally published in the Frontline Print edition: July 6, 2018.**