Lloyd Blankfein, CEO of Goldman Sachs, recently tweeted this:

‘At IMF in DC. Puzzling that politics everywhere are so difficult when world’s economies are (mostly) good and the world is (mostly) at peace.’

Here’s my answer to the puzzle: neoliberalism is broken. By neoliberalism I do not mean simply the ideas of Hayek and Freidman – their ideology never described the actual system created by Thatcher, Reagan, Yeltsin and Deng Xiao Ping. By the word ‘neoliberalism’ I mean the whole global economic system of the world which drove growth and technological progress between 1989 and 2008 – but has now stopped.

For me, neoliberalism describes the system in its totality: the countries which borrow, import and consume; and the countries that save, lend, export and produce. When it worked, it drove a gross global imbalance. The logic of the imbalance was to create financial catastrophe.

As the economists Brender and Pisani wrote in 2010 – the only thing that could have rebalanced the world was the devastating financial crisis of 2008. So, since 2008, neoliberalism has been on life support: $15 trillion dollars worth of quantitative easing. You can keep an economy on life support for a long time. But you cannot keep an ideology on life support. The human brain demands coherence.

For many people in developed countries there is no coherent story of how their lives get better; they know their kids will be

This is the full text of writer Paul Mason’s planned address to the Europe Together conference in Brussels on 18 October 2017. In raising a ‘new concept’ of citizenship in Europe, it reaches into some of the deeper issues at stake as the UK government flounders in its attempt to leave the European Union.

Paul Mason in Brussels
poorer than them; and they see an elite – like Mr Blankfein – that just doesn’t get it. In fact, seeing the elite get richer and go on failing to get it is even more painful that simply staying poor.


The black line is growth – actual and projected. The coloured bars show what contributed to that growth. The chart shows that between 1975 and 2015 – the whole course of neoliberal globalisation – growth remained static, but what drove it changed. In the upswing of neoliberalism, before 2000, much of the growth comes from an expanding workforce – the so-called ‘Great Doubling’ – shown in blue; but there’s also growth at the frontiers of productivity shown in yellow: that is better education, technological change.

After 2000, much of the growth is ‘catch-up growth’ as China and other BRICS countries [Brazil, Russia, India, South Africa] truly enter the world market. But look at the black line for the future. If the Bank’s economists are right, there’ll be less growth in the future than in the past 40 years. Most of it will be catch-up growth. None of it will be driven by technological change.
Though 99.9% of voters in Britain, France, Germany, Austria and the USA have never seen this graph, their behaviour and their psychology are beginning to reflect the suspicion that it is right: that the best days of capitalism are over. The shock is all the greater because neoliberalism was supposed to last forever. Like this forever, only better. Since 2008, neoliberalism’s promise has been: like this forever, only worse.

In 2015 in my book *Postcapitalism*, I said we face a choice – ditch neoliberalism or it will destroy globalisation. That is what’s happening. It’s not just that we have xenophobic movements, violent misogyny and racism: we have sections of the business elite prepared to use these movements and sentiments to gain political power. Trump, the AfD in Germany, Le Pen in France, UKIP in the UK, the FPÖ in Austria all exhibit the essential characteristic Hannah Arendt described in her book on totalitarianism: they are an alliance of the ‘elite and the mob’. Though they are in the main not classically fascist parties, they are succeeding because of two factors that the German sociologist Erich Fromm observed in the 1930s:

- Tiredness, combined with loneliness
- The exhaustion and failure of the left.

What the far right and the conservative parties are now converging around is not a return to the national state-led capitalism of the Keynesian era. If you listen to Trump, and to the right-wing British MP Jacob Rees-Mogg, and to the AfD in Germany, the project is national neoliberalism. It will not work. As the historian Charles Kindleberger reminds us, in his account of the Great Depression of the 1930s, when states enthusiastically compete negative sum games, the outcome is a smaller global economy.

What can we do? First we need to say clearly: neoliberalism is over. If social democracy’s strategy was to generate a surplus through highly financial, globalised free-market economy, and distribute it downwards as a compensation for stagnant wages and atomised communities – that is no longer possible. The more you try to do it, the more you have to coerce competitive behaviour into people’s lives: from the counter of the coffee bar, to the welfare system, to housing, to the process of finding someone to go on a date.

Promise number one of a radical social democracy should be: we will switch off the great privatisation machine.

Promise number two also costs you nothing: we will stop imposing, nudging and coersing market behaviour into people’s lives – and foster, instead, human, collaborative impulses that 30 years of neoliberalism
suppressed. To do that we need the following:
- an alternative economic model
- a narrative of hope
- a social movement to fight for it
- party structures that can enable this to work, rather than hinder it.

This picture shows Jeremy Corbyn at the moment people spontaneously turned his name into a football song. In June 2017, we got 12 million people to vote for us because we offered the first two things: a clear policy alternative to neoliberalism and a narrative of hope.

I opposed the Third Way strategy in the 1990s, but I do recognise the Blair/Brown government delivered real advances in social justice. The Third Way strategy was logical if you believed neoliberalism would last forever. The problem we faced after 2010 was what to do now that neoliberalism was broken?

For five years, under Ed Miliband, we tried to avoid the problem. But in the meantime the tribal alliance that formed British social democracy was being pulled apart: by progressive nationalism in Scotland; by the xenophobia of UKIP in England and parts of Wales, which garnered four million votes in the European elections of 2014. But also by the emergence of a socially liberal and networked ‘salariat’ that was switched off from technocratic politics; which prioritised climate change, personal freedom, and so on.

Once we got to 2016, many working class people felt totally alienated from our political language, and viscerally worried about the impact of
European migration on public services. When the entire centre of politics, backed up by the liberal ‘salariat’, told them they could only reduce migration by leaving the European Union, 17 million decided to leave EU.

Even before Brexit it was obvious that only one thing could pull the alliance back together: economic radicalism and a vision of a new kind of capitalism beyond neoliberalism. That’s why, when Jeremy Corbyn stood for the Labour leadership in 2015, tens of thousands of people joined the Party to vote for him. That’s why in 2016, when the Party hierarchy, the majority of MPs and the UK media tried to depose him, more than 100,000 people joined in 48 hours to defend him. The road from winning the Party to destroying Theresa May’s parliamentary majority was not easy.

Corbyn made mistakes. His team was inexperienced and was sometimes made to look incompetent by their enemies. In the Brexit referendum Corbyn tried to lead a Labour-only campaign, based on criticism and reform of Lisbon. The message was too complicated and got lost – above all because his answer to concerns on migration was long-term reform of the labour market, while our voters were being offered an easier short-term solution: leave.

In June 2017, twelve million people intervened into our internal argument and told us they liked the idea of a radical social democratic government and a soft Brexit. Two moments changed things.

First was the Manifesto. The moment it was leaked, the crowds around Corbyn started to be real, chaotic and spontaneous. By setting a strict fiscal rule – borrow only to invest – Labour gave itself the ability to promise two things: a 250 billion investment programme and a 50 billion programme of new taxes to reverse austerity.

In more than one UKIP stronghold I was told by Labour campaigners that active, politicised UKIP members came out of their houses and demanded Labour posters: ‘the manifesto was all we needed,’ they said. They just needed Labour to say it was going to start serving their communities, not the rich.

Second, we developed a narrative beyond politics. To hike your share of the youth vote to 64% in a single leap you need more than policies – you need a narrative. And in the final week of the election campaign, on the advice of our friends from Podemos, we consciously staged ‘la remontada’. We campaigned in defiance of our own image, almost ‘against’ our previous selves – seizing the high ground on issues of policing, national security and terror, which the right-wing press assumed were always negative for us.

Third, we developed an organisational form that matched the fast-
moving online civil society of the electorate. Remember – Corbyn did not fully control the national executive or the Party HQ. So we used Momentum, a pro-Corbyn pressure group, to do what the party HQ did not: campaign in offensive parliamentary seats and not just ones we were trying to defend. We sent people to constituencies where in some cases local officials tried to turn them away, as they were deemed ‘unwinnable’, and we won them. We produced, at the cost of a few hundred pounds, satirical videos no official party would have ever sanctioned. One of them – in which a girl questions her conservative-voting father – was seen by eight million people.

We didn’t win. We need to go further in creating a social movement, to gain – as Antonio Gramsci said – cultural hegemony in the wider society. Also, let’s be frank: what happened in Britain was possible because the political forces that would be in European United Left-Nordic Green Left (GUE-NGL) here in the European Parliament were already inside Labour. In Portugal a similar effect has been achieved through coalition. Elsewhere that may not be possible.

But we learned enough to offer some general advice. First, be radical. We must first offer a clear, plausible economic alternative to neoliberalism. End austerity. Regulate the labour market to promote the interests of workers. Build new homes for young people on a massive scale. Use state intervention to promote an innovative, high wage private sector. Preserve, modernise and extend the welfare state.

Beyond this, we must come up with concrete answers to the challenge of automation and precarious work. The citizens’ basic income may be hard to implement at scale – but we should begin to explore it as a solution. Labour has committed to that. Equally effective can be the state provision of basic goods and services, cheap or free. 21st century social democracy cannot be – as André Gorz described Marxism – a utopia based on work.

In a world where many people lack power, lack confidence, and experience atomisation, small-scale collaborative projects – the credit union, the community garden, the workers’ co-operative, the food bank – assume much greater importance. As with the socialism of Ferdinand Lassale, in Germany in the 1860s, such projects allow people to achieve things today that provide a link to what will be done tomorrow. Labour, for example, has pledged to double the size of the co-operative sector.

As for globalisation, to save it we must do less of it. End the tyranny of trade deals over social justice.

If neoliberalism is broken, social democracy cannot accept the Lisbon Treaty as the final form of the European Union. Today, if Corbyn is
prepared to offer state aid, nationalisation, new progressive limits on the exploitation of migrant labour, it is because for the Labour Party the Lisbon Treaty never fully implanted itself inside our heads: outside the Euro, and effectively beyond the stability and growth pact – and, of course, as a big country – we have always been able to start from what’s needed, second, how to achieve it within the Lisbon framework.

I think Juncker’s White Paper allows social democratic parties an opportunity: to formulate a sixth option – a Europe of social justice, where low wage zones and social dumping are forbidden. If some countries do not want to be in that Europe, they can travel at a slower pace. Either way, the key is to switch off the Lisbon Treaty that is inside your head.

Probably the biggest challenge will be migration and asylum. The Austrian election result is the latest example: people in relatively prosperous countries are withholding consent because, though some are simply xenophobes and racists, many others cannot see the social justice in sharing scarce resources with people who arrive randomly and suddenly.

The answer is not to close the borders of Europe. We need inward migration to Europe and the maximum amount of freedom of movement compatible with retaining consent for migration. The answer is to win back consent for migration by taking control of it, to manage the domestic labour market actively, and to administer asylum justice fairly. And to equalise minimum wages and social benefits upwards across Europe.

Above all, I urge you to fight for a new concept of citizenship in Europe. In Britain the main hostility was, first, to East European migration. In the EU27 it is probably resistance to the arrival of asylum seekers from outside. But in both cases, it is hard to defend migration using the concept of citizenship the EU has adopted – whereby your citizenship is primarily economic.

From the British experience I believe it was not primarily the low wage effect of inward migration that drove hostility to free movement; it was the arrival of three million extra people entitled to use taxpayer-funded services in a period of austerity. The fact that many of them worked in the NHS and public services was not enough to convince some people that the overall impact was beneficial.

Many people were instinctively hostile to the European Union’s abstract notion of citizenship, which says the social capital, traditions and community values of existing residents do not count – and citizenship resides only in your ability to travel and work. At its most existential level, our problem is that we have allowed the constitution of Europe to be framed around an economic system that no longer works. Neoliberalism,
writes the British economist William Davies, is the disenchantment of politics by economics.

Right-wing populism is the re-enchantment of politics by nationalism, racism, nostalgia and misogyny.

Radical social democracy must be the re-enchantment of politics by social justice and through a concept of citizenship based on the whole human being – the *zoon politikon*, not *homo economicus*. 