

Ellen Meiksins Wood Lecture

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Thank you Ed, and thank you to the Broadbent Institute for inviting me.

It's normal to begin a prize lecture with a eulogy to the person in whose honour it's being given. I will speak about Ellen Meiksins Wood's invaluable contribution to political science in a moment.

But I want to start with the words of George Orwell. In June 1940, during the Dunkirk crisis, when the British elite was in a complete panic, Orwell wrote in his diary about a conversation with the left-wing poet Stephen Spender.

“Don't you feel” says Spender, “that any time during the past ten years you have been able to foretell events better than, say, the Cabinet?”

Orwell agreed, saying it was not about the left having a crystal ball but “in the power to grasp what kind of world we are living in”.¹

You couldn't predict in what exact form the global crisis would break out; but you knew what kinds of surprises and catastrophes were on the agenda. The problem was, it was a skill that completely eluded mainstream politicians.

The liberal and conservative elites, as well as most social democrats, had completely lost the power to grasp what kind of world they were living in during the 1930s. But the dictators and the demagogues understood it all too well. They were for a time masters of it.

Now: does this remind you of anything? Because it should.

Trump gains power through an election manipulated by Russia, using the social media – which were supposed to spread democratic participation – as a weapon against democracy.

President Erdogan of Turkey, a NATO member, puts hundreds of journalists in jail, declares war on 20% of his own population.

Meanwhile support for a neo-Nazi party the AfD has surged to 16% in Germany.

Vladimir Putin wins an election in which leading members of the democratic opposition party are coincidentally in jail. When asked about the Russians indicted by the Mueller inquiry for meddling in the US elections he says:

"Maybe they're not even Russians," he said. "Maybe they're Ukrainians, Tatars, Jews, just with Russian citizenship." ⁱⁱ Russian Jews, in other words, who "are not really Russian".

Xi Jin Ping seizes power for life. Of the seven "don't speaks" Xi has decreed in Chinese academia, number one is "Don't speak of promoting "universal values" in an attempt to shake the ruling party's ideological and theoretical foundation" – a direct attack on the idea that all human beings have rights enshrined in the 1948 Universal Declaration. ⁱⁱⁱ

Neofascism. Neo-Ottomanism. Neo-Tsarism in Russia and the outright promotion of Neo-Confucianism – not simply as religion but as a political ideology of control and deference – in every university campus. A Republican candidate in Arizona who says publicly that America's greatest days were under slavery. That's what kind of world we are living in.

What is going on here is the breakdown of a global order. In 2015, in my book “Postcapitalism”, I wrote that the neoliberal economic model has failed, and that if we don’t ditch neoliberalism it’s going to destroy globalisation. That’s what’s happening.

And the wider problem we face – in mass culture and in professional policymaking and diplomacy – is similar to one Orwell describes in the 1930s. The elite refuses to understand.

But it’s not just an elite problem. At times when the most educated people in society, the people with leadership training and who’ve got access to the confidential papers lose control of events, the wider populace becomes so confused and tired it becomes prepared to leave politics to the powerful.

Orwell tells the story, in a diary entry about the same time as the one I just quoted, on the day Italy declared war on Britain, of the barmaid in the pub refusing to switch on the radio news because nobody wanted to hear it. People are always shocked by that story.

But next time you go into a sports bar in Toronto, on day hundreds of people are killed in Syria, with nail bombs exploding in Austin Texas, and refugees dying in the Mediterranean, and there is football, hockey and basketball on all nine screens, try asking the bartender to switch one of them to CNN and see if it’s any better.

In a period like ours, the power to grasp what kind of world we are living in is one of the most useful political instincts you can develop. But how do you learn it?

Well the source Orwell drew on (albeit in an highly idiosyncratic way) is the same one I will draw on and the same one Ellen Meiksins Wood spent her life developing through practical application.

Its grandiose title is the materialist conception of history; its shorthand label is Marxism; its general method is: to treat politics, culture and diplomacy as the products of deeper historical forces, including the dynamics of class struggle, economic development and technological change.

Ellen Meiksins Wood defended Marxism at a time when it was deemed to be irrelevant; and she contributed to it by insisting that it be used to study the deep social relationships upon which political power is based. Her writings on the history of political thought – from Ancient Greece to 19th century liberalism – showed us that democracy is an older concept than capitalism; that capitalism's attachment to democracy is contingent; that the triumphant capitalism in the early 21st century was not simply the "perfection" of various long, historical tendencies – as Fukayama once claimed - but a temporary reality that might end.

Ellen also insisted – in the face of a chorus of despair from postmodernist thinkers in the 1980s – that analysis could be a guide to action. Marxism, she wrote, seeks "a particular kind of knowledge, one which is uniquely capable of illuminating the principles of historical movement and, at least implicitly, the points at which political action can most effectively intervene".

Tonight I want to try and understand what's driving this historical movement: the crisis of democracy, of globalisation, and of belief in progress – and suggest some political action that allows us to intervene.

We are facing two strategic facts

- the neoliberal economic model established globally after 1989 is broken
- the unipolar geopolitical system established by the US superpower after 1989 has vanished

The crisis of the economic model has become a crisis of the global order, calling into question widespread belief in democracy, multi-ethnic societies and consent to be governed by existing political elites.

Why? Because unlike in the 1930s no section of what we might call bourgeois democracy has been prepared to break with the model that has failed. Instead, in developed countries that adopted freemarket models of capitalism in the 1980s, we are seeing an attempt to deepen and defend the neoliberal model by detaching it from multilateral obligations, or defending it behind trade barriers.

In many countries, the project of the right has become reduce your country's exposure to the institutions of globalisation in order to go on implementing, effectively, "Thatcherism in one country".

This is the true meaning of Brexit. It is the logic behind Trump's tax cuts and tariff barriers. It was the logic behind Germany's attempt to smash Greece in 2015 and is the logic behind the right wing governments in Poland and Hungary as they attack the judiciary, stigmatise NGOs supporting human rights, erode the rule of law – all in defiance of fundamental conditions of EU membership.

As the neoliberal economic model fails to revive, despite \$20 trillion of QE money swilling around the world economy, national elites start to think: “if only there were fewer rules, fewer labour regulations and product standards”. In a multilateral system, the source of such rules, regulations and standards appears to be the standards enshrined in trade agreements. So they come under attack. From accepting a level playing field, each national elite is now trying to turn its own trading conditions to its own advantage.

Looking back, I think historians will say that the breakdown of neoliberalism economically, and the breakdown of the world order, began to interact around 2014/15. You get the Scottish referendum which nearly breaks up the UK. You get the Greek confrontation with Europe. Then Brexit, then Trump. Then the Turkish coup. Then Xi Jin Ping’s power grab. Now the Article 7 crisis with Poland and Hungary – and attacks on the rule of law by Spain over Catalan independence.

What I don’t think most people have understood is how the combined failure of an economic model and a geopolitical order have produced a big psychological change in the world.

The question facing us is: why did the failure of neoliberalism lead to this right-wing populist wave fuelling xenophobia, racism, antisemitism and numerous other prejudices in places that had looked like they were on a path towards liberal modernity?

The answer is: neoliberalism was held together by a story.

It said: if you ruthlessly compete with each other, allow all communities, traditions and existing institutions to be ripped up; if you think of yourself only as an economic agent – not as a three dimensional human being with a religion, ethnicity and sexuality – you will prosper.

And for two decades it worked: during the 1990s and early 2000s the more you believed the ideology, the better you were going to feel.

While it worked, it encouraged something inside business and politics that I call performative neoliberalism.

Everyone performs, as in a play: so long as your department meets its quota for hiring black people or women, nobody cares what is in your head. You can actually believe, as large numbers of young American men do, that sexually liberated women are participating in the exploitation of men; that black people are subhuman and that your beliefs are supported by race science, or by the 7,000 word ramblings of the so called Dark Enlightenment movement.

But nobody cares what your beliefs are as long as you continue to perform to the economic norms. Tick the boxes for inclusion. Stab your competitors in the back.

The failure of the economic system suddenly makes the performance meaningless.

And we now find the downside of an economy based on performance instead of mutually-held and publicly examined beliefs.

Go into a fast-food cafe and watch how people are supposed to perform as happy economic agents of the market. In the Starbucks round the corner from my hotel, there's a blackboard on which staff members have been basically marketed: hey, my kitten's name is "X" and I love hockey team "Y". At the British fast food chain, Pret, a Manger there are "values" to be followed: one is don't expressing unhappiness – another is "you can't just be here for the money".

Compare it to our fathers' generation, you can see the danger we have created.

My father's generation would never have obeyed this demand for performative hypocrisy. They knew you go to work for the money and the money only. The friendship, solidarity and camaraderie they created was not done on a blackboard placed there by the marketing department. It was real.

The workplace was for the post-war industrial workforce a venue for democracy. You were allowed to express yourself. As someone pointed out in a previous lecture where I said this – "but that means racist views were expressed in the workplace". Yes – and it means they were combated.

The price workers in the 20th century paid for freedom of speech and action at work was they had to be a real person: the same person at home, in the pub, in the trade union meeting.

Neoliberal economics encouraged the creation of multiple false personalities, whereby the real beliefs of people were never questioned, never placed under the stress of collective discussion in the workplace or the community.

Then, after 30 years, neoliberalism collapses and suddenly what rushes to the fore is all the old prejudice, combined with a panic about two questions: who am I and what is my future?

If I am not to be defined as an economic agent with a clear improvement path ahead of me, what's left of my identity?

At the first international labour movement event I ever attended, age 19, the Lutte Ouvriere fete outside Paris, a miner from northern France handed me a badge saying "nationalite proletaire". If there were strong labour movements, influencing strong local community identities, oxygenating anti-racism and internationalism, then one of the competing identities to replace neoliberal consumerism would be – as the French left says – that proletarian identity, also called la vie ouvriere.

But the foundations of neoliberalism were built on the ruins of the labour movement and its independent culture.

Without working class internationalism, the questions of identity posed by the breakup of the world system can only be answered in terms ethnicity, gender, sexuality, nationality and religion.

That is the source of the current crisis in centrist politics, and in social democracy in particular.

Of course there are some countries – this is one of them – where the relative success of the economic model allows consent, democracy, liberalism and the rule of law to prevail for now. I cross a lot of borders. As I came through Toronto airport alongside Canadians whose families originate from Asia and

the Indian subcontinent, I was struck by the marked difference in atmosphere to that which would greet us at, say, JFK. Racial and religious identity are already in America weaponised within the law enforcement and border control system.

But as Canada found in 1939, being a long way from a problem doesn't mean it's never going to affect you.

There are three questions a historical materialist asks about a given situation or phase of capitalism.

1. What's happening in relationship between technology and the economic structure of society?
2. What is the elite trying to do?
 - a. Is the bourgeoisie still capable of advancing technological progress; does it still need to promote democracy and the rule of law as the precondition for a market based economy.
3. If not, what social group has the agency to solve the crisis? And what do they need to do?

In *Postcapitalism* I tried to give an answer to question one. The "postcapitalism thesis" says: information technology is different to all other technologies in that it does not spontaneously replace low value, automated tasks with higher value tasks, skills and business models. It erodes the most fundamental impulse within capitalism, which is to adapt society to technological change. It disrupts the price mechanism; it delinks work from wages; it requires the creation of vast rent seeking monopolies that suppress

innovation and competition; and it relies on something mainstream theory says capitalism cannot tolerate – extreme asymmetry of information.

In this sense the crisis of 2008 was not simply a product of the over-extension of credit, as in a normal boom bust cycle, but also a message from the future, conveyed via the financial markets. The message was: there is not enough added value in an economy based on information and automation – and indeed not enough work, or scarcity – to support the levels of borrowing, money creation and asset price inflation in today's economy. You are accumulating debts that can never be paid back; obligations that can never be fulfilled; stoking up hopes among masses of people that can never be realised.

But three years on I need to be more concrete and specific.

In a global economy where finance has failed, and is on life support from QE, and where much of growth is fuelled by a) asset price inflation, property prices etc and b) catch up growth in countries where democratic values are alien...

... we are now seeing the emergence of a default form of failed capitalism: namely the authoritarian kleptocracy. Trump, Putin, Duterte in the Phillipines, Erdogan in Turkey, Orban in Hungary, the Partido Popular's circus in Spain. Temer's presidential coup in Brasil. Xi Jin Ping's presidential coup in China.

The main feature of such regimes is they can only survive by gaming the global system, and insofar as the global system pushes back at them, they are obliged to detach from it.

So now to question two. Who are the business elite and what do they want?

We have to remember in our advanced economies, ownership and control are separate. By and large it is pension funds and big investment funds who own the major industries; while a vast ecosystem of small to medium enterprises have ownership but very little control; they have to innovate in a space whose rules are set by the giants.

To understand “what kind of world we are living in” we need to reach back and learn from the wisdom of those who first wrote about the bureaucratisation of society in the 1940s and 50s: the behaviour managerial class becomes a critical factor in events: - company managers, law firms, accountancy firms, banks, civil servants, professional politicians, constitutional law experts and major universities.

What they’re supposed to do is defend the level playing field, the multilateral system, the rule of law, impartial regulation – and they are supposed to mobilise society via political parties that obey common rules.

That’s an assumption common to liberalism and Marxist theory, right?

But the sad fact is: the modern bourgeoisie is refusing to obey Marxist theory.

More and more of them are prepared to act basically as the hand-servants of these neo-feudal kleptocrats. The striking thing – both after Brexit and with

Trump – is how few business leaders were prepared to stand up and say: what's happening is against the interest of our business so we are going to fund opposition to it, and speak out.

And at that point the state ceases to represent, impartially, the whole business elite – but becomes a factional tool for a section of it: and of course, under the neoliberal model where the state is a major creator of profit opportunities via outsourcing, you can make a lot of money by becoming the chosen business partner of an authoritarian government in a decayed democracy. And you can make even more money by outright representing the interests, and handling the money, of the authoritarian kleptocrats themselves: that's what we are learning from the revelations about Cambridge Analytica and its parent company SCL.

The problem is not just the fracturing of the ruling class. Below the financial and political and asset-rich elite now stands an army of people who have been drilled in bureaucratic thinking and dehumanising routines. Hannah Arendt, and other writers who studied the rise of authoritarianism in the 1930s, taught us what to expect.

Let me put it brutally: the person who has been happily ticking boxes for inclusive hiring, equal opportunities, and international accountancy standards is entirely capable if ordered, of sinking a boat full of refugees, or becoming a security guard in Joe Arpaio's Arizona jail, or running the electoral manipulation operation for Donald Trump.

Why? Because the neoliberal economic model taught two generations there is no economic function to morality: the best policeman in a deal is the tough

self-interest of the dealmakers themselves. There is no standard other than the standard of market utility in neoliberal capitalism.

Once we allow authoritarian kleptocrats to rig the market, to create if you like a market for political favours, for the oppression of minorities, then just as in the 1930s there are plenty of people who will say: what are my targets and when do I start?

So this leads us to the question of agency. Who can stop the slide to deglobalisation, kleptocracy and autocratic rule?

The classic proletariat is long gone. Even as the workforce of the world has doubled from 1.5bn to 3 billion in a single generation – in most places it no longer behaves as the classic proletariat of the industrialised countries did from around 1880 to 1970. And it will not do so.

From the New Left of the 1960s onwards, people noticed that new agents of change were appearing: the women's movement, the lesbian and gay movements, the anti-colonial revolutions, the black civil rights movement and the black nationalist ideologies that came out of it. Many of these movements had defined themselves against or alongside the labour movement – but with labour's weakness and atomisation they now discovered, and in some cases became obsessed with – the fact that they were oppressing each other.

Anthony Giddens, in his 1994 book Beyond Left and Right, argued that – in the right circumstances – the survivors of the labour movement, of working class communities and of all the oppressed groups – could find what he called “an agency born of fear”.

I think that is what we are going to have to make do with. In the face of global fragmentation, attacks on democracy and the rise of xenophobia, an alliance of liberals, greens, socialists, feminists and progressive, cosmopolitan nationalists is going to be a powerful force to resist.

But that's not the same as having agency in the sense Ellen Meiksins Wood might have understood it – a historically constituted group with a project, a need, a programme.

I have argued since about 2011 that, emerging out of the networked society, we are seeing something like a replacement for the proletariat as a historical agent of change: namely the networked individual. The person empowered by knowledge and communications technology, who is apt to swarm temporarily around resistance goals dictated by the particular attacks demanded by neoliberalism. They don't rally in defence of a constituted "class" – as my dad and grandad's generation did – instead they defend their individual rights.

So, for example, in 2010 in the UK a generation of students who had been trained in individualism, in passing pointless tests, suddenly found collective strength and intellectual curiosity at the same time and occupied their universities, and engaged in some of the most determined street fighting I have ever witnessed, because the cost of getting a degree tripled.

If I am right, it is now clear what the mission of this much more amorphous social group is: to protect itself from rising authoritarianism, to resist xenophobia, to resist this combination of algorithmic control and fake news that the elites are deploying to eviscerate democratic participation.

And in place of a failing global system, propose a new one. The new system has to be a mixture of state, market and non-market. If you like: the British National Health service, plus Starbucks with unionised labour and permanent contracts; plus Wikipedia, and Linux.

Its structure has to be defined by what it delivers: high-ish growth; a living wage; a social safety net that nobody is allowed to fall through – dispelling the insecurity that has become a major driver of xenophobia and right wing populism. There won't be enough high-waged and high-skilled work to go around - at least not work done for wages; so we have to concentrate on social and institutional changes that allow us to manage the transition. The citizens basic income as a medium term goal; the universal basic services paid for from taxation as a shorter term goal; and of course the radically shortened working week, day and lifetime. And of course, we have to design all economic solutions around the objective of rapidly decarbonising this planet.

If you came here expecting to hear detailed set of policy proposals, this is not the night for them. We can discuss maybe how in the British Labour Party this mode of thinking has evolved and what policies it has led to. Far more important is to frame the problem correctly.

The Canadian left is lucky, in one sense, because it is dealing with a business elite for whom a mixture of resource extraction, agriculture and growth by growing the workforce – alongside relatively high technology industry and services – has been successful.

You are unlucky in that you are living right on top of a social and political timebomb: the USA – a country where right-wing populism is now deeply embedded, and manipulated by a section of the business elite that has gone over completely to the doctrine of authoritarian xenophobia and trade war.

And of course what we know from Europe is that, once the story loses coherence, no amount of economic prosperity cures the addiction to ethno-nationalism and demands for an end to multiculturalism. The German AfD party, just like the pro-Trump Republicans, is based on a section of the middle class, not the white working class. Their problem has been not economic stress but detachment from a story about education, globalism and hope.

What I want to leave you with is three action points.

The left must find its story. One No and Many Yesses didn't work. We need a goal, a metanarrative about where history goes from here.

The left must represent the future, educated, diverse progressive part of the population. To what's left of the old working class of the 20th century it has to make a series of spectacular economic offers, combined with a story about how their lives get better. The experience of Corbyn's Labour party fighting back against our own reactionary xenophobic party, UKIP, shows this can be done: it's not pretty but it can work.

Then, on the basis of what our story is and who we mobilise and represent, we have to offer an alliance to any section of the business elite, of liberalism, of the old managerial bureaucracy of the neoliberal era: to defend the rule of

law, promote diverse and inclusive society, and protect democratic values. A modern version of the Popular Front, with all the risks that entails.

A clear narrative about long-term and short term alternatives, a concept of agency and a tactical alliance with the bourgeoisie to defend and extend democracy is, if you think about it, what Marx advocated in 1848 and it can be the terrain on which social democrats, greens and the radical left converge today.

ⁱ <https://orwelldiaries.wordpress.com/2010/06/08/8-6-40/>

ⁱⁱ <https://www.cnn.com/2018/03/12/politics/putin-comment-jews-russian-minorities/index.html>

ⁱⁱⁱ <http://rukor.org/seven-deadly-sins-in-todays-china/>