AUSTERITY and its ALTERNATIVES

# The Populist Race

## Neoliberalism Falling Behind, New Right Forging Ahead, Left Stumbling Along

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## Abstract

This article starts from the observation that recurrent economic crises, deepening social divisions and rising levels of insecurity undermine the persuasiveness of market populism, which had accompanied, and, indeed, contributed to, the rise of neoliberal capitalism. It goes on to explain left- and right-wing populisms draw on different aspect of liberal ideas and can therefore be understood as transformations of market populism to some degree. Politically, right-wing populism, the article argues, thrives because the left is divided along several lines that make it difficult to attract much of today's discontent. The article looks at the divisions between globalists and sovereigntists, cosmopolitans and communitarians, and identity and class politics, respectively. It concludes with the idea that these divisions reflect different aspects of the unmaking of old working classes advanced by neoliberal restructuring but also aspects of a possible making of new working classes. To further this, the left should put identity back into class politics or highlight the presence of class divisions within identity politics.


## Introduction

It's the tax collectors, the immigrants, the 1% - there are at least three different ways to understand one's actual or imagined misery. Populists left, right and centre are engaged in a race to turn discontent into political support. The neoliberal centre's brand – get the tax collector off your back and set yourself free – is falling behind since more and more people have figured out that tax breaks are mostly for the rich. Now, neoliberal elites are torn between sticking to their once successful market populism or reinventing themselves as the last defenders of reason against the populist appeals to passion and prejudice. These appeals affect the left and right differently. The former – for a while quite successful at rallying support behind people-over-profit-banners to defend the 99% against the 1%-elites – can't quite decide whether populism could be a strategy in its own right, an intermediate step towards renewed class politics or indeed, as neoliberals charge, a dangerous flirtation with anti-politics inextricably loaded with racism, nativism and homophobia. Divisions over these questions make the left unattractive to people desperate to escape their current condition or just seeking scapegoats to make unchangeable conditions emotionally bearable, something that right-wing populists surely can do. Unhindered by empirical facts or moral scruples, they denounce the weak and defenseless as the cause of the plight of those who think they can play the market game but really can't.

Of course, it is exactly these competitive pressures that put stress on pretty much everybody from the working poor struggling to get by to stock brokers worrying about meeting their sales targets and possibly even large shareholders living in fear of the next stock market crash that will wipe out some of their fictitious

capital. This stress goes along with fears to lose one's job, home or, amongst the higher ranks, suffer social status downgrading. Economic insecurities and inequalities that make themselves felt as competitive pressure on all levels of society are the breeding ground for the social discontent that feeds the populist race. The race won't stop until insecurities and inequalities are mitigated, if not overcome. The question, then, is, which 'second-round effect' will the shift from market populism to left and right-wing populisms have on the economic conditions that are the root cause of this shift.

Right-wing populists deflect from these root causes by mobilizing against imagined enemies. Beyond a certain threshold, such mobilizations create pressure on the political system to take protective measures against the alleged enemies, be they poor immigrants or serious world-market contenders. A protectionist turn, politically triggered by the discontent with the economics of neoliberal globalization, will further weaken an economic system which is already struggling with its internal tendencies towards crisis. In response, neoliberal elites may move from advocating for an increasingly implausible market populism to presenting themselves as the sole defenders against the populist threat. But they are blind to the fact that the rollback of social protections, that mitigated the polarizing effects of capitalist accumulation and crises during the era of welfare capitalism, constantly deepens economic and social inequalities and thereby feeds the shift from neoliberal to left and right populisms. Left populists, on the other hand, seek to narrow the gap between the 99% and the 1%. However, confronting economic realities and the powers that defend the status quo is much more difficult than mobilizing against imagined enemies. Not surprisingly, then, the right is the front-runner in the populist race. Moreover, the left is not even sure whether it should take part in this race in the first place. Like the neoliberals, some on the left see populism as a one-way street towards racism, nativism and homophobia while others think it could be a path to socialist renewal in opposition to right-wing populists and neoliberal elites.

## Hypotheses & Definitions

This article develops two arguments. The first one is that neoliberalism is unable to contain the upsurge of populisms on the left and, more significantly, on the right because of its own entanglements with populist ideology and because its policies perpetuate the economic conditions upon which left and right populisms thrive. The second argument is that the left is too divided to attract much of today's discontent but that these very divisions may be starting points for socialist politics around which a challenge to neoliberal capitalism could develop. An implication of the second argument is that current successes of the right-wing populists, at least to some degree, can be explained by the failure of the left to put forward alternatives.

Three hypotheses will be developed with regards to the first argument. The first hypothesis relates to the inability of neoliberal elites to recognize the degree to which their hegemony, as long as it lasted, relied on market populism. The second concerns neoliberalism's ambivalence with regard to other ideologies. This ambivalence is open to socialist interpretations but also to the exclusion of populations allegedly unfit for liberal rule, be they the 'dangerous classes' within or the 'oriental other' beyond the liberal-capitalist frontier. The third has to do with the denial by neoliberals that economic crises aren't caused by capitalism's internal contradictions, as Marxist and, to some degree, Keynesians argue, but are triggered by democracy overstepping the borders of private property rights.

With regard to the second argument to be developed in this article, that the left is too divided to attract much of today's discontent, three divisions that weaken the left today but may help to build a stronger left in the future will be explored. First, the left is divided between globalists and sovereigntists. The former argues that, notwithstanding left critiques of neoliberal globalization, future strategies can only be formulated on the global level while the latter sees globalization inescapably captured by neoliberal capitalism and seeks to use the nation state as the last line of defense against further neoliberal globalization. Closely related to this political dispute is a division between cosmopolitans and communitarians, with the former presenting themselves as spearheads of universal human rights and the latter pointing at the need to ground political mobilization in the context of specific communities. Criss-crossing the cosmopolitan-communitarian cleavage is a divide between identity and class politics. The former's starting points are specific issues, notably around race and gender, but that doesn't mean identity policy advocates are necessarily in the cosmopolitan camp, more often than not they just add diversity to the communitarian menu. What distinguishes most identity politics from class politics is the neglect of the economic conditions under which different social groups work and live. The cosmopolitan-communitarian divide is often associated with winners and losers of globalization and it is then argued that this new cleavage supersedes class conflict. Pointing at deepening inequalities and increasing insecurities, some of the left argue that it is time to turn back from non-economic identity politics to the economic struggles between labour and capital.

These divisions on the left don't allow a clear-cut demarcation between adherents and adversaries of populism on the left. Left populists blend various positions of the above-mentioned divisions. For example, people-over-profit offered a populist umbrella for (alter)globalist cosmopolitans and identity politics of all sorts. Syriza and Podemos were clearly statist in their rejection of Troika dictates but rallied a similar assemblage of cosmopolitans and identity politics as the alter-globalization movement of a decade earlier. Bernie Sanders and Jeremy Corbyn, aiming at the resurrection of welfare state protections, rally diverse communities to conduct some sort of class politics.

All strands of populism, not only those on the left but also its right-wing and neoliberal incarnations, distinguish between 'elite' and 'the people.' This distinction includes the claim that elites are disconnected from the people. Political elites, even if elected, can't claim to represent the people. Economic elites are often charged with enriching themselves at the expense of the people. What distinguishes different strands of populism from each other is the way they understand 'the people'. Even market populism, despite sometimes rejecting the very idea of society in the name of individual liberty, has use for the idea of 'the people', if only a negative one. Market populists retain the distinction that classical liberals drew between the propertied and educated classes, 'the people', and the have-nots and uneducated. These classes feel threatened by illegitimate elites that want to do good to an undeserving mob but, in order to do that, exploit the propertied and educated 'people'. (Losurdo 2011: 241-246). Right-wing populists appeal to 'the people' as, in Mudde's (2004: 543) terms, a 'homogenous group' that is 'antagonistic' to a 'corrupt elite'. Drawing on Anderson's (1991) 'imagined communities', we could also say that the right-wing populists' imagining of community relies on the imagining of enemies, usually migrants and ethnic minorities charged with, as is the case with market populism, complicity with an elite that enriches not only itself at the expense of 'the people' but also funnels some of the loot to undeserving outsiders.

While Mudde's emphasis on 'the people' as a homogenous group applies more to right-wing populism, left-wing populism usually uses the notion of 'the people' as a rallying point for different groups that find commonalities, or, in Laclau's (2005) terms 'equivalences', in articulating their respective demands vis-à-vis the elite. For left populists, 'the people' are neither an ontological entity nor an imagined community. 'The people' rather are an assemblage, an actively constructed plurality. However, the concerns that the different groups rallying under the banner of 'the people' articulate do not necessarily correspond to their respective position within the capitalist structures of power and exploitation. For Laclau, equivalences exist on a purely ideational or identitarian level. Quite conceivably, populist movements that garner mass support on such a basis will find out that the economic and social interests of their constituent groups of support are incompatible. However, the left-populist making of 'the people' may also be part of the remaking of working and other popular classes in a way similar to Thompson's (1963: 8) understanding of the 'original' making of the working classes, that "happen(s) when some men, as a result of common experiences (inherited or shared), feel and articulate the identity of their interests as between themselves, and as against other men whose interests are different from (and usually opposed to) theirs." Possible links between left populism, working class formation and a renewal of class politics will be explored at the end of this article, after a look at the different ways in which neoliberalism perpetuates the upsurge of left and right populisms.

## Neoliberal Blind Spots: Perpetuating Populism Left and Right

Neoliberal elites may be the last ones believing in their own markets-will-fix-it religion. After the collapse of the Soviet Union and the world-market turn of the Chinese Communists in the 1990s, it seemed that there really wasn't an alternative to unfettered market rule. Today, imagining alternatives still seems almost impossible even though the desire for them is growing from one crisis to the next. Faced with crises and critique, neoliberal elites often claim that they understand the need for change and promise reforms. However, reform, once the watchword of the moderate left, became code for privatizations and the lowering of social standards under neoliberal hegemony. Stuck to their standard prescriptions, elites reproduce the very conditions that lead more and more people to fall away from the market faith. Which makes elites, whose members once were widely adored as prophets of a bright future of market-enabled liberties, look like nothing but a cold-hearted and self-serving technocracy.

Looking back at the crisis of welfare capitalism, when it was union bosses and welfare state managers who were often seen as possibly well-intentioned but ultimately misguided and self-interested technocrats, helps to understand the role of market populism in the making of neoliberal hegemony. Its rise to an everyday religion was so penetrating that market rhetoric seemed more and more the natural and only way of thinking. Blinded by their own success, neoliberal elites see critique of and the quest for alternatives mainly as pathological violations of the iron laws of history. Their self-encapsulation reproduces the economic conditions that breed discontent with neoliberal capitalism in the first place, and perpetuates the shift from an increasingly implausible market populism to the non-market populism of the left and right in the second place.

**Blind Spot I: Neoliberalism's Reliance on Market Populism**

Towards the end of the 1960s, power elites, at that point mostly subscribing to Keynesian demand management and corporatist arrangements between employers and unions, had to face overcapacities and rising discontent. One was the result of the investment boom that had driven postwar prosperity, the other was triggered by rising expectations encouraged by the very same prosperity. Core groups of workers who were firmly tied into corporatist arrangements had learned to factor creeping inflation, that kept a lid on real wage growth, into their demands and thereby accelerate the price-wage-spiral. Workers employed through secondary labour markets, often women, ethnic minorities and immigrants, began challenging their second (working) class status. They often complemented quests for equal pay with demands to put public money into impoverished neighbourhoods and expand care facilities to ease women's double burden of paid and unpaid work.

At the same time, suppliers of raw materials in the peripheries, most significantly the oil cartel OPEC, sought to increase prices. If employers and governments had acceded to this bag of demands, rising household incomes in the centres and export revenues in the periphery would have expanded markets and possibly fixed the problem of idle capacities. However, this would also have led to rising shares of wages, taxes and government spending and deteriorating terms of trade. A profit squeeze, probably accompanied by a shift of power from the propertied to popular classes and peripheries, would have been the consequence. Avoiding idle capacity just to lose profits and power was certainly not to the liking of the ruling elites. To ward off these threats, they moved from Keynes and corporatism to Hayek and the downgrading of unions and the welfare state.

This turn from accommodation to confrontation included the risk that militant labour and assertive grassroots movements that were active at the same time, but who rarely made common cause, would eventually rally against the common – capitalist – enemy. Dividing these movements and diluting their support base was therefore key to neoliberal success. The starting points for this divide-and-conquer approach were as multifaceted as the social movements of the 1960s and 1970s that were successfully divided. Core groups of workers felt that business unionism delivered only half the goods. As a result, some within this group engaged in wildcat strikes against employers and their own unions. Workers who had been excluded from the corporatist deal resented unions as gate keepers of wage premiums as much as, sometimes even more than, their employers. Similarly, movements struggling against gender and racial discriminations and for the expansion of public services saw politicians and welfare state administrators as gate-keepers seeking to protect insiders against outsider intrusion. Echoing the discontents that the student New Left had articulated vis-à-vis the totally administered world, the concern of autonomous workers and new social movements was less to appropriate the appropriators, the watchword of the old socialist left, and more about the liberation from legal and institutional constraints. The welfare state, it seemed, had produced its own grave diggers. After all, the real wages that workers sought to boost even further despite accelerating inflation were unthinkable before the welfare state. The same is true for equal pay struggles that used the real wages in the corporatist sector as benchmarks and equal rights struggles seeking to expand social rights that didn't exist before the welfare state to new demographics. While a plethora of old and new socialist organizations tried to explain that discontent with the welfare state was actually rooted in the capitalist mode of production, neoliberal propagandists offered a short cut to liberation that avoided the tedious reading groups offered by the socialist left. Portraying themselves as the militant minority from whom they appropriated the idea of liberation, neoliberals presented the free market as the true land of the free, a land that the silent majority, or 'the hardworking people', could enter if only they tore down the welfare state barriers that union bosses and state officials but also new and old left activists had built around it.

Using the textbook of neoclassical economics as a script, neoliberal propagandists translated the populist distinction between 'elite' and 'the people' into one between monopoly and competition. The latter, according to the emerging narrative of market populism, offered a realm of freedom where individuals could realize themselves and enter voluntary exchanges with others. However, monopolies, erected by self-serving elites, denied ordinary people access to this realm. Stuck in a monopoly-controlled world, elites would siphon off some of the wealth created by the people. The latter, understandably discouraged by elites' rent-seeking efforts, couldn't live up to their full potential and this left everyone worse off than they could be in a free market society.

This general theme was presented in countless variations, including the politically most relevant ones corresponding to the discontents articulated by various movements of the left. Turning common sense, and, it might be added, Marxist political economy, according to which unemployment exerts downward pressure on wages, on its head, market populists charged unions with erecting a monopoly over labour supply that would buy higher wages but fewer jobs. Governments passing minimum wage legislation were presented as union accomplices in a conspiracy against people who were willing to work but were denied jobs by labour supply controllers. To make things worse, some of the willing were duped into cashing welfare cheques by welfare state bureaucrats. The culture of dependency that these bureaucrats established to keep their cushy jobs prevented otherwise willing workers to find labour markets not guarded by unions and minimum wage legislation. To keep the fair rewards for their innovative and managerial work, entrepreneurs had no other choice than to pass on the higher wages and taxes that the union-welfare-state-monopoly imposed upon them to their customers. As a result, inflation spiralled out of control and ate into the savings and wages of those barred from inflation-indexed jobs.

If fake news and mythologies, as neoliberal critics of populism from the left and right charge, are an indispensable part of rallying 'the people' against 'the elite', then the 'free-marketeers-against-monopoly-power'-stories are surely populist. Market populism, one might say, is the ideology of the neoliberal project of welfare state rollback. Not that the market populist stories don't contain snippets of reality. Yet, by taking them out of context, they created an upside-down image of the real world. The conveniently forgotten context of these stories is the fact that the means of production owning minority, not unions, decides about the availability of jobs for the majority who have no other way of making ends meet than by finding paid work. The worst one can say about unions is that, in their efforts to improve the conditions under which workers sell their labour power, they become deputy sheriffs of human resource departments in the private and public sectors. The state, portrayed as union-accomplices by market populists, is, in fact dependent on finance capital that can grant or deny credit to keep government finances running. At the same time, large numbers of failed start-up entrepreneurs remain in the

shadow of the lucky few, like Bill Gates or Steve Jobs, who succeed. The fact that these rare successes relied on state-funded and highly expensive hardware development and later moved out of their basement labs into big corporate boardrooms is also nothing neoliberal propagandists speak about. Just like the fact that the capitalist class is dominated by a small number of large corporations that, thanks to their price-setting power, are able to appropriate parts of the surplus produced in smaller companies. These corporations also control segmented labour markets, sometimes in-house and sometimes through outsourcing and supply chain management, that transform some of the conflict between labour and capital into a struggle between workers on different levels of the wage scale.

**Blind Spot II: (Neo-) Liberal Junctions to the Left and Right**

To be sure, neoliberal propaganda never aimed at telling the truth about capitalism in general or the profit-restoring policies of neoliberalism in particular. If anything, it was about deflecting from these realities to build new forms of legitimacy during a time when the legitimacy of welfare capitalism was under fire. Mostly articulated by the left, the 1970s crisis of legitimacy only added to already existing concerns about economic crises that ended the long, Keynesian, wave of accumulation. However, picking up left-wing articulations of discontent and rearticulating them in market populist fashion disarmed the left, which has been looking hopelessly backward ever since, and did produce mass beliefs in the market magic to which many people stuck even at a time when they already knew that the rising tide would rather capsize than lift their boats.

Yet market populism did not only thrive on the re-articulation of left-wing ideas. Behind the libertarian, anti-statist message that was adopted from the New Left and the new social movements was a conservative default message: If things get out of control, a strong state has to retain order. In the early days of neoliberal capitalism, before market populism became an everyday religion, the law-and-order message was very openly articulated. An authoritarian populism (Hall 1979), not only concerned with law and order but also with moral decay, was advanced to discredit the left movements struggling for all kinds of liberations. Once the idea of liberation was split off from its origins on the left it could be used to reinvent pre-Keynesian liberalism. At that point, the libertarian message took centre stage while the strong-state message was relegated to a side-stage. The New Economy-hype during the 1990s clearly marked the apex of market populism (Frank 2000). Authoritarian figures like Thatcher and Reagan, whose parties had accepted welfare capitalism after WWII only grudgingly, broke through the defenses of welfare capitalism in the 1980s but it was (social) democrats like Clinton, Blair and Schröder who, by abandoning their own parties' commitments to Keynesian welfare states, completed neoliberal globalization (Evans, Schmidt 2012). As converts, they may have been particularly keen to demonstrate their newly acquired market devotion. Of course, the end of the Cold War also did its part in making the market gospel number one. This doesn't mean, however, that authoritarian populism, and the

strong-armed policies associated with it, completely disappeared (Dahrendorf 1999). As already mentioned, authoritarian populism just moved from the centre to a side-stage.

Complaints about the 'lazy classes', a 1990s remake of the 'dangerous classes' after the end of history and the class struggles associated with it, accompanied the transformation of welfare into workfare states. At the same time, the 'oriental other' that had accompanied the twin-histories of liberalism and colonialism in the past were rebranded as inhabitants of 'failed' or 'pre-modern states' who subverted the delicate networks of global production and trade (Cooper 2004). Defense against this threat required a state of permanent warfare against pre-modern populations. The neoliberal distinction between market civilization and pre-modern or failed states is as racist as the older occident-orient-binary. This neoliberal 'side-stage racism' was dragged into the spotlight by right-wing populists to direct the discontent that neoliberalism had produced in the meantime against ethnic minorities and immigrants. Ever since the New Economy bubble burst and the war on terror was declared, neoliberalism had produced rising discontent but had also supplied some of the ideological tools to articulate it. All that was needed was to upgrade neoliberalism's somewhat hidden racism and put it in the spot previously occupied by 'the market'.

Yet there is also a left-populist exit from neoliberalism, as the people-over-profit protestors demonstrated on another side-stage when the mainstage was still occupied by market populists. Most of those protestors were as critical of statism of any kind as their neoliberal adversaries. Though the contours of the other world they declared possible never became clear, at least one thing was quite obvious: Only very few among them advocated for a return to the Keynesian welfare state. If anything, they took up the New Left and new social movement libertarianism of the 1960s and 1970s and thereby saved it from its neoliberal appropriation and re-articulation in the 1980s and 1990s.

These examples of some of the transformations of populism that occured alongside the wave of neoliberal accumulation should demonstrate that populism is a 'thin ideology' indeed, one that "lacks the capacity to put forward a wide-ranging and coherent programme for the solution of crucial political questions." (Stanley 2008: 95). This thinness allows propagandists of different political persuasions to import ideas from other political currents and refashion them for their own purposes. By doing so, the generic 'elite' versus 'the people' populism takes on the specific forms of neoliberal, right-wing or left-wing populisms.

**Blind Spot III: The Anti-Democratic Tradition Within (Neo-Liberalism)**

To many of today's adherents of neoliberalism, populism is a threat to markets and democracy at the same time. They often add charismatic leadership to the generic 'elite' versus 'the people' definition of populism and present such leadership as proof that populist movements are undemocratic because such

leaders demand uncritical allegiance as opposed to democratic parties that express the will of their respective constituencies. However, this publicly declared belief in democracy is at odds with the basic premises advanced by the masterminds of neoliberal political theory, notably Schumpeter's claim that democracy can't be anything but elite competition and Downs' less aristocratic, more market-oriented proposition that politics is just another business, in which political entrepreneurs, far from representing the will of party members and voters, seek personal gain in the political system. Downs' Economic Theory of Democracy (1957) set the tone for public-choice-theory that delivered the ideological means to denounce welfare-state-oriented politicians, state bureaucrats and union bosses in the era of welfare capitalism. The anti-politics implied in this theory became a key-ingredient of market populism from the 1980s on, which doesn't stop neoliberal propagandists today in charging populists with advancing anti-politics, a charge that is true for some populist movements but not for others.

Unlike neoliberal apologists who think markets and democracy would work well if populists didn't sabotage them, more critical analyses understand populism as an expression of a crisis of democratic representation (Taggart 2004: 282-283). Some trace this crisis back to neoliberal policies that, while maintaining the formal procedures of representative democracy, effectively coopted or marginalized deviations from the neoliberal agenda (Mair 2006). As a result, the rising discontent with neoliberalism is not represented in government policies even if parties were elected into office on a platform advancing alternatives to neoliberalism. Not surprisingly, then, more and more of the discontented either drop out of electoral politics or turn to populist parties on the left or, more often, on the right. The argument that neoliberalism causes a crisis of representation and thereby fosters a populist response is sometimes compounded by an analogous argument pointing at the neoliberal roots of economic crises and subsequent surges in support for populist movements or parties. (Kriesi, Takis 2015.). What these neoliberalism-causes-populism analyses ignore, just like the neoliberals that they criticize, is that the neoliberal project relied on a market populist consensus and was called into question as soon as this consensus began to fade and made room for other forms of populism. What is more, these analyses imply that everything was fine with democracy and the economy before the emergence of neoliberalism.

That certainly wasn't the case. If the different left movements in the 1960s and 1970s shared one thing it was their complaint that the welfare state was unable or unwilling to respond to their respective concerns. This is hardly a surprise as the class compromise on which the welfare state was built granted the working classes rising real incomes and some measure of social security but recognized management's right to manage. This, of course, kept the influence of elected governments on economic developments at a minimum. More precisely, it left them with the role of repair-men in times of crises. However, the Keynesian deal worked well until core groups of workers felt they didn't receive their share of the

pie and other demographics started protesting against their exclusion from the deal. These protests against a lack of democratic participation in the welfare state led to left quests to extend democracy into workplaces. On the other side of the class divide, demands to end the discrimination of women, ethnic minorities and immigrants and extend democracy were seen as a threat to profits and power, a clear indication that democracy, rather than being incomplete, had already gone too far (Crozier, Huntington, Watanuki 1975). These political challenges in the midst of the economic crises of the 1970s were the reason that capitalist elites turned from class compromise to class struggle from above (Schmidt 2011). For some time, the market populism they propagated as part of the rolling-back-the-welfare-state-campaign deflected attention from the fact that the democratic deficits that already existed under welfare capitalism grew even bigger under neoliberal capitalism, alongside growing social inequalities and insecurities.

Since the financial crises that ravaged peripheral economies in the South from the 1980s onwards returned to the Western centres in the early 2000s, the crisis of representation has also returned to the political stage. Not different from the 1970s, there is a right-wing response aiming at the further curtailment of democratic participation and a left-wing response that sees more rather than less democracy as a political prerequisite to solve the world's economic and social problems.

## Left Divisions: Potential Starting Points to Move from Populism to Class Politics

At this point, a new wave of authoritarian populism from the right is more successful in attracting the discontented than anything coming from the left because the alternatives suggested by the right don't waste time on considering their real-world applicability. Quite to the contrary, they invite escapism from inconvenient realities. The left, on the other hand, is weakened by a series of divisions. Yet these divisions don't need a discussion of who is right and who is wrong on any of the contested issues on the left. In fact, such discussions can only perpetuate the left's weakness. The argument here is that these divisions reflect a reality in which older working classes were largely unmade by neoliberal restructuring and new working classes in themselves are, at best, in a rudimentary stage of turning themselves into classes for themselves. Under these conditions, the left doesn't have much of a basis to advance its cause, in fact, it may not even have much of an identifiable cause, but the divisions weakening it today may turn out to be starting points for the making of new working classes and a new socialist project (Schmidt 2015 & 2016).

**Division I: Globalists and Sovereigntists**

The first issue that divides the left is about the role of the state. Most leftists can actually agree that multinational corporations, global information networks and governance structures have rendered the state obsolete. The divisive question is

what to make of this. Globalists argue that the withering of state power created openings for multitudes of oppositional movements to pursue their respective goals without being distracted by the conquering of state power. If successful, this would inevitably lead to new forms of oppression (Holloway 2005). Other globalists argue that the structures of corporate governance should be embedded into a web of international law that would guarantee social and ecological minimum standards (Held 2004). Sovereigntists, on the other hand, see global governance as so hopelessly shaped and dominated by multinational corporations that defending the last vestiges of national sovereignty is the only hope for the left before all social protections that welfare states once offered, however incomplete they may have been, wither away in global capitalism (Streeck 2017: 165-190).

Both sides of this argument take neoliberal self-perceptions of a general decline in state sovereignty at face-value, but globalists see this is a chance to advance left politics beyond the confines of state power while sovereigntists seek to rebuild regulatory state power. What is missing from this debate is an understanding of the changing character of the state and the class relations that are institutionalized in different state forms at different points of capitalist development. It wasn't states of lost their sovereignty during the neoliberal wave of accumulation, it was the working class majority that lost its countervailing power, which had been built into welfare states This loss led to a transformation of welfare into workfare states under the ideological guise of market liberation (Panitch, Konings 2009).

**Division II: Cosmopolitans and Communitarians**

Underlying the political divide between globalists and sovereigntists is, according to some analyses, a cultural division between cosmopolitans and communitarians and a social division between the winners and losers of globalization (Merkel 2016; Zürn, de Wilde 2016). Cosmopolitans, the argument goes, embrace universalist values and either support globalization as it is or seek to give it a more human face. Communitarians, on the other hand, see their economic livelihoods and the cultural values through which they articulated their identities in the past threatened by globalization of any kind and seek to defend the withering of their jobs and life-worlds at all costs. This new cleavage between the winners and losers of globalization, culturally expressed by embracing cosmopolitan or communitarian values, is sometimes seen as the 21st century succession of 20th century class struggles.

The problem with this globalization-benefiting-cosmopolitans-versus-globalization-suffering-communitarians-view is that, empirically, it is not true. There are winners and losers for sure but it's not true that the winners are necessarily cosmopolitans. Many of the winners actually lean to the right and embrace racist, nativist, and homophobic views. At the same time, many of those considered left-leaning cosmopolitans, aptly labelled as progressive neoliberals by Fraser (2017), reject universalist values. They see such values as part of socialist class politics that

inevitably lead to Soviet- or Sino-communist totalitarianism. Ironically enough, it was Laclau, who is currently hailed as the godfather by many left populists, and his partner Mouffe (1985), who delivered many of the arguments to turn from Marxist class politics to post-Marxist identity politics that are anything but cosmopolitan or universalistic. They aim at the articulation of the concerns of diverse communities and seek to link them into a project for radical democracy beyond the real or alleged economism of Marxist class politics.

**Division III: Identity and Class Politics**

Disconnected from left class politics, identity politics has become a battleground between progressive neoliberals and right-wing populists. Going along with the class struggle from above that defines neoliberalism, the former seek to complement it with progressive cultural politics while the latter attract the discontent produced by deepening social divisions without making any efforts to reverse inequality-producing policies. This is the background against which some on the left are pushing for a shift from identity to class politics. However, this quest for class politics often confirms the charge from advocates of identity politics that class politics, at least if coming from the left, are hopelessly economistic. These days, they often rely on the assumption that support for right-wing populists is largely coming from a working class bereft of representation in the political system. The conclusion, then, is that a left turn to class politics would cut off support for the right-wing populists (Guiso 2018). However, empirical analyses (Spruyt, Keppens, van Droogenbroeck. 2016; Moody 2017: 175-188) of right-wing populists electoral support suggest that there is no one-way street from individuals' economic and social conditions to voting behaviour. Average incomes of right-wing populist voters are usually above national averages, clearly indicating that a significant share of their support comes from better-off people. Closer analyses show that support for right-wing populists comes from across the class spectrum and has usually more to do with feelings of insecurity than from income level. People at the bottom of the income pyramid also tend to abstain from voting altogether much more often than those at the top, which further adds to doubts about the thesis that the success of right-wing populists mostly relies on the working class.

The division between identity and class politics is not the only one between a subjectivist neglect of economic conditions and an objectivist neglect of the ways in which people make sense of their conditions. There is also one involving different perceptions of time. Identity politics leans towards a postmodern future in which economic constraints no longer apply whereas class politics mostly comes with a nostalgic flavour of bringing back the days when the welfare state mitigated economic divisions. What is absent from both is the present, in which economic divisions are getting deeper but subjectivities that could rally people around the idea to reverse such trends are rare or too dispersed to challenge the power of capitalist elites. To bridge the gap between economic conditions and individual identities, it might be a good idea to put class into identity politics or, conversely, identity into

class politics. After all, it does make a difference whether individuals experiencing gender or racial discrimination – the two main foci of identity politics – belong to the working class, the professional middle class or capitalist elites. Likewise, being working class means different things to different groups of workers. For some, exclusion from core labour markets is a more pressing issue than the abstract interests of the entire class regardless of internal fragmentation.

Drawing on his study of the making of the English working class, Thompson (1963: 8) concluded that class "happen(s) when some men, as a result of common experiences (inherited or shared), feel and articulate the identity of their interests as between themselves, and as against other men whose interests are different from (and usually opposed to) theirs." The key question here is what 'common experiences' are. Considering the different conditions of workers in different segments of the labour market, not to speak of those in training, the unemployed or retired it may seem that 'common experiences' refers to those specific to each of these aforementioned groups. Yet Thompson (1963: 233-346) drew his conclusion from the experiences had by workers as different as 'field labourers', 'artisans' and 'weavers' and defined class consciousness as "an identity of interests as between all these diverse groups of working people and as against the interests of other classes." (Thompson 1963: 212) What this means is that different groups of workers coping with specific issues can still find common ground with other groups of workers and thereby make a working class without denying the significance of any of the specific issues raised within the various segments of the class (Van Voss, van der Linden 2012). What is important is that identity is recognized as key to self-perceptions and behaviour based on these perceptions. This opens the door to class agency that is closed for economistic understandings of class. At the same time, a Thompsonian understanding of class consciousness that is tied to peoples' experiences "as between themselves, and as against other men whose interests are different from theirs" reconnects identity to the relations of production that they are part of. This is the basis on which the thin populist ideology of 'elite' versus 'the people' can be translated into 'the working class in all its diversity' against the capitalist class. If this happens, the left will still not win the populist race but the race might be called off and we will open a new chapter of the history of class struggle.

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