

A Politics of Paradise is Urgent

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The past three decades have been the initial phase of the Global Transformation, the painful construction of a globalised market economy. It was dominated by American finance and American multinationals. Its advocates stated they wanted a ‘free market’ system. In reality they strengthened rules to benefit finance and rigged the system with US-style ‘intellectual property rights’. Governments, led by the USA, have provided huge subsidies to their champion corporations, and have cut taxes on capital. The result could be called the most unfree market economy ever.

The financial crisis of 2007-08 was blamed on public debt, but now we know it was the horrendous rise of private household debt that made the crisis a global threat. The resultant austerity era has slashed living standards for millions of people, as Spaniards know all too well.

Now we are at the most dangerous point. So far, what should strike observers is the similarities with what happened in the 1920s and 1930s. Then, a previous period of domination by finance and US capital had meant a transfer of economic power from Europe to the USA, which had been stealing industrial secrets from Europe, while the UK, Germany, France and elsewhere faced industrial decline. The result was fascism, anti-semitism, nationalism and xenophobia.

That did not stop the USA itself going into the Great Depression. In 1935, a novelist who was to be the first American to receive the Nobel Prize for Literature, Sinclair Lewis, wrote *It Can't Happen Here*, which has uncanny parallels with what is happening today. In the book, a rich man decides to run against Roosevelt for the Presidency by lying and making wild promises to bring back the past. His speeches should remind us of Donald Trump. He won, and proceeded to persecute the media and liberals while building a fascist state.

Today, the change from the 1930s is that Europeans are outsiders, losing as the USA tries to arrest its decline by lashing out on the emerging centre of a global economy, China. Trump is accusing China of stealing its intellectual property and indulging in unfair trading practices, just as Europeans accused the USA of doing. But Europeans are the main victims of the ongoing trade war. We rely on Chinese-made components and Chinese investment. The measures the USA take hit our production and employment.

If the US-China trade war spreads, as it seems to be doing, the result will be a new era of global tension and economic stagnation, made worse by the fact that all sensible people realise the ecological crisis should be uppermost in our minds. Just as Trump has withdrawn the USA from the Paris Agreement, so we will see more subsidies to fossil-fuel intensive industries, rationalised by a presumed need to maintain economic growth. We will see more loss of the commons, as described in my new book, *Plunder of the Commons*.

However, what I want to emphasise here are two trends that should define our counter-attack. First, the income distribution system of the 20th century has broken down irretrievably. It used to be that the share of income going to capital and the share going to labour were roughly constant. Not any more. All over the world, the share going to capital has been rising, and the

share going to rent, i.e., to the owners of physical, financial and intellectual property, has been rising even faster. Meanwhile, wages on average have stagnated or fallen in real terms, particularly for the precariat. To make way for tax cuts that favour the rich and capital, state benefits and services have been cut in real terms and made harder to obtain. Employers have cut non-wage benefits for large parts of their workforces. And access to social amenities – the commons – has been cut, on which lower-income groups depend.

The collapse of the income distribution system has not only intensified inequalities but has reflected and intensified the new global class structure. It is essential to understand this, if a new progressive politics is to emerge to combat the right-wing populism that is growing on both sides of the Atlantic.

At the top is a plutocracy of multi-billionaires, amassing not only vast fortunes but vast political power, some behind the scenes, funding shady political movements, some openly, as in the case of Trump. They are the ultimate rentiers, often gaining more in a day from so-called investments as most people earn in a lifetime. They are setting the tone, inducing tax cuts for the rich and through ownership using the media to demonise the opposition.

Below them is an elite that serves the interests of the plutocracy, also receiving most of their millions from rent. Below them is a *salariat*, with employment security, good salaries, good non-wage benefits and quietly earning income from assets. To understand their political stance, one should realise they are receiving more of their income from profits and rents, and often gain if wages fall. They are unlikely to support a rise in benefits for ‘the poor’.

Alongside the salariat is a smaller but growing group of what I call *proficians*, sometimes called freelancers, who do not seek employment security but who make a lot in consultancies and projects. Depicted as entrepreneurs, they are used to hold up the system as oriented to meritocracy.

Below them is the proletariat, the remnants of the old working class, for whom the welfare states, collective bargaining and social democratic parties were built. They are crumbling, and prone to listen to populists promising to bring back yesterday. Many are falling into the new mass class, the precariat.

The precariat will define politics in the coming decade. Described in detail elsewhere, they are being habituated to a life of unstable labour, without an occupational narrative, having to do a lot of work that is not labour, having an education above the labour they can expect, relying on volatile low money wages, on the edge of unsustainable debt, knowing they are losing the rights of citizenship. Above all, they feel like *supplicants* in the state, begging for favours and breaks. They are typically anomic (in despair), alienated (doing things they do not want to do, not doing what they would like to do), anxious and angry.

As with any emerging class, the precariat is split, into what I have called *Atavists* (those looking backwards to a perceived lost past), *Nostalgics* (mainly migrants, feeling they have lost a present and are homeless psychologically), and *Progressives* (those who have a lost future, despite having been promised that by going to college or university).

The populist political right has reached out to the Atavists, who vote for Trump, Brexit, Salvini in Italy and Marine Le Pen in France. They demonise the Nostalgics, blaming them and the ‘establishment’ for their plight. Meanwhile, the Nostalgics are disenfranchised, losing rights of

citizenship. And the Progressives are waiting for a new Politics of Paradise, and do not see that in the old social democratic parties. This is why, when they do occasionally win an election, as in The Netherlands recently, it is only by moving to the populist direction in promising to curb migration. Even when they win they only receive a minority of the votes (29% in both the Netherlands and Spain this year), quite unlike the past. Usually they only win because of blatant corruption and exhaustion of the political right, as in Spain. The old social democrats do not have a vision, other than returning to some past. As such, they do not attract people's affection.

The bad news is that the Atavists are numerous and have been motivated to vote. The good news is that almost certainly they have reached the maximum size, and are growing older. Meanwhile, the other two groups in the precariat are growing, and a progressive political agenda is beginning to take shape, partly due to the inertia in the old social democratic parties. Here we must take a historical perspective.

It took decades in the late 19th and early 20th centuries for an effective counter-politics to take credible shape in the wake of the inequalities and insecurities of the previous period dominated by financial capital. It must not take nearly as long this time. What must be appreciated is that the old left politics, labourism, will not work this time. A new agenda is needed, probably with new political parties and movements. There are bound to be false starts, just as the Movimento Cinque Stelle in Italy and Podemos in Spain appear to have been, each torn by internal contradictions as to aims and tactics and conflicting personalities. But a new agenda is taking shape.

The key will be to offer a future Good Society based on classical Enlightenment values combined with an ecological base. Building a new distribution system in which ecological values and equality and freedom are all respected will define that politics. That is why basic income as a right will be central to that agenda. It is affordable, it is socially just and it will promote republican freedom. Above all, the left must stop running from it.