Book Review

Making the Left Great Again

Review of *Reclaiming the State: A Progressive Vision of Sovereignty for a Post-Neoliberal World* by William Mitchell & Thomas Fazi, London: Pluto Press, 2017.

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I read this book directly after reading Chris Gilligan's *Northern Ireland and the Crisis of Anti-Racism* (2017). Gilligan asserts that racism is inseparable from the nation-state (Gilligan 2017, 144) and that an emancipatory movement must 'open up the borders' (Gilligan 2017, 206). Mitchell and Fazi take a diametrically opposed approach to emancipatory politics, dismissing appeals such as Gilligan's as 'liberal-cosmopolitan fantasies' (p. 10) and seeking to 'reclaim the state' rather than abolish it.

Mitchell and Fazi set out their aim in the introduction, entitled: 'Make the Left Great Again'. The book is divided into two parts. The first presents an economic history from World War II until the present, analysing the failure of neo-Keynesianism and the rise of neoliberalism, with particular attention to the complicity of the 'intellectual-cultural left' in these processes. Part 1 concludes with a chapter covering the crisis of neoliberalism which followed the 2008 crash

and the range of populist right-wing rebellions against neoliberalism which followed. Part 2 presents a prescription for the development of a 'progressive strategy' offering an alternative to both neoliberalism and the populist right.

Mitchell and Fazi argue that the crisis of neo-Keynesian economics in the 1970s resulted because the full employment it created allowed workers to challenge the fundamental structures of inequality within capitalism, leading to a confrontation between labour and capital which could only end with the victory of one over the other. That victory went to capital was largely because the left accepted the new neoliberal economic orthodoxy put forward by the right. In Britain, Labour premier, Jim Callaghan, declared Keynesian demand management dead in 1976 with the assertion: 'that option no longer exists' (p. 69), whilst in France, Socialist premier, François Mitterand, in 1983, introduced the

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'tournant de la rigueur' which signaled the mainstreaming of neoliberalism in Europe (p. 80). In making this argument, the authors develop interesting insights, including, for example, the way the selective implementation of Keynesian ideas facilitated the emergence of the warfare state from the welfare state.

The authors go on to argue that, contrary to the claims of politicians and commentators of left and right alike, the globalisation associated with neoliberalism was not the result of 'inexorable economic and technical changes' but of state policies. 'All the elements that we associate with neoliberal globalisation – delocalisation, deindustrialisation, the free movement of goods and capital' were 'the result of choices made by governments' (p. 7-8). Consequently, contrary to the claims of neoliberal ideologues, 'neoliberalism has not entailed a retreat of the state but rather a reconfiguration of the state, aimed at placing the commanding heights of economic policy in the hands of capital' (p. 8).

The authors' stated aim to 'make the left great again' suggests that it is not great right now, and they duly excoriate the mainstream left, not only for buying into the neoliberal worldview, but for consequently abandoning class issues in favour of various dimensions of identity politics, such as feminism and anti-racism, resulting in a 'progressive neoliberalism' that mixes 'truncated ideals of emancipation and lethal forms of financialisation, with the former (...) lending their charisma to the latter' (p. 10). As a result, the authors assert, the left has become increasingly divorced from the working-class, with destructive consequences:

As societies have become increasingly divided between the well-educated, highly-mobile, highly-skilled, socially progressive cosmopolitan urbanites, and lower-skilled and less educated peripherals who rarely work abroad and face competition from immigrants, the mainstream left has tended to consistently side with the former. Indeed, the split between the working-classes and the intellectual-cultural left can be considered one of the main reasons behind the right-wing revolt currently engulfing the West. (...) In a vicious feedback loop (...) the more the working-classes turn to right-wing populism and nationalism, the more the intellectual-cultural left doubles down on its liberal-cosmopolitan fantasies, further radicalising the ethno-nationalism of the proletariat (p. 10-11).

As a result of such liberal-cosmopolitan fantasies based on the neoliberal assertion that the nation-state is obsolete, the left has failed to develop a progressive view of national sovereignty at the very time it is most needed – as the working-classes turn to the nation-state as the only available refuge from neoliberalism.

In Part 2 of their book, Mitchell and Fazi set out to remedy this failure, presenting a strategy to 'reclaim the state' and 'make the left great again'. The crux of their argument is found in Chapter 8, where they set their project within the framework of Modern Monetary Theory (MMT). Debunking the neoliberal analogy between a national economy and a household economy, and pointing out the crucial difference between currencies tied to a gold standard or a monetary union and today's free-floating

fiat currencies, they assert that neoliberal austerity is based on a deception. Contrary to neoliberal assertions, a government with control over its own currency cannot run out of money. On the contrary, a government deficit is essential to fund economic activity in the private sector. Not mincing their words, the authors go on to assert that ‘the entire edifice of mainstream macroeconomics is built on a sequence of interrelated lies and myths’. The truth, according to Mitchell and Fazi, is found in a quote from a Deutsche Bank report: ‘[u]nlike any (...) household, a central bank has no reason to be bound by its balance sheet (...). It can simply create money out of thin air and buy an asset or give the (...) money out for free’. Importantly, this means that governments do not need to raise taxes in order to spend money: in fact actual taxes which are paid in cash are not banked but burned, thus removing that money from the system (p. 183). The authors also refute the idea that such spending will be inflationary, arguing that ‘there is no risk of hyper-inflation as long as the total spending growth in the economy does not exceed the productive capacity of the economy’. The credibility of Mitchell and Fazi’s vision fundamentally depends upon the extent to which one is persuaded by this argument. The authors do offer some examples of successful application of the theory but admit that these are limited.

Mitchell and Fazi then move to argue for the superiority of a jobs guarantee (JG) to a universal basic income (UBI), on the basis that it offers dignity as well as cash, and overcomes objections to perceived free-riding. They further argue that giving UBI to large numbers of non-working people would result in inflationary pressure since these people would contribute nothing to the economy. Such pressure, they suggest, could be avoided by government making an unconditional job offer to anyone willing to work at a socially acceptable minimum wage (p. 230-1). Such a scheme, Mitchell and Fazi claim, represents a minimum spending approach to full employment whilst offering an opportunity to radically rethink the concept of work (p. 233).

Finally, Mitchell and Fazi argue for the renationalisation of public utilities which comprise ‘natural monopolies’ (p. 252), pointing out the inefficiency of privatisation and arguing that governments should focus on the social return, rather than the financial return, from such industries. Most fundamentally, the authors call for the nationalisation of the banking industry, highlighting the damage done to economies globally by privately run banks, and arguing that all banking activity should be strictly regulated and democratically controlled.

Mitchell and Fazi conclude that as ‘the growing masses (...) dispossessed by (...) neoliberalism increasingly choose the reality of national democracy, imperfect as it may be, over the fantasy of a democratic global society’, the left needs to come to terms with the fact that ‘for the vast majority (...) that (...) never will belong to the globetrotting international elite, their sense of citizenship, collective identity and common good is (...) intimately tied to the nation’ (p. 266). Rejecting calls such as those of Gilligan (2017) to ‘[o]pen up the borders’, Mitchell and Fazi assert that whether the reality of national democracy is based on hatred, intolerance and authoritarianism or social, economic and environmental justice is largely up to us (p. 266).

Mitchell and Fazi’s vision is coherent and convincingly argued. Their historical survey is concise, comprehensive and comprehensible, whilst the political approach they suggest is

radical without being unrealistic. Whilst much of their vision is likely to be broadly acceptable to the leftist audience at which it is aimed, their rejection of elite cosmopolitanism, and particularly their Euroscepticism, may be challenging to many. Perhaps, however, the successful implementation of their approach might, in time, make opening up the borders a more realistic aspiration than it is at present. Regardless of whether one agrees or disagrees with their arguments, this is a book which is good to think with.

Gilligan, Chris. 2017. *Northern Ireland and the Crisis of Anti-Racism: Rethinking Racism and Sectarianism*. Manchester: Manchester University.

Mitchell, William & Thomas Fazi. 2017. *Reclaiming the State: A Progressive Vision of Sovereignty for a Post-Neoliberal World*. London: Pluto Press.

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