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THE TURMOIL WITHIN THE ELITE, THE COURSE OF THE CRISIS AND THE LEFT

Two years after the open outbreak of the financial and economic crisis, crisis-management has become a normalized everyday business. Increasingly, leading circles and the mass media of all core capitalist countries even claim that the end of the crisis is in sight. They admit that its effects cannot be overlooked, yet they are sure that the growth figures will once again point upwards. They claim that the worst excrescences of financial-market capitalism have been corrected and that at the same time they have learned how a catastrophe can be avoided through quick and decisive state intervention. At first sight, this is a broad consensus. But is the crisis over – and is there broad consensus and unity within the ruling elites?

A PURE FANTASY?

In fact, the anti-cyclic action of the states and the social-political cushioning measures they have taken is much more extensive – and effective – than those taken at the time of the last big crisis. The current stabilization of the economy is therefore not attributable to a durable recuperation of capital accumulation. It is above all the result of the stimulation of the economic cycle and support of the banking sector through national debt and the debt of many private households. The financial crisis and the crisis of the real economy are therefore not over but are proceeding very unevenly on a global scale.

In the crisis period of the last two years, the power constellations within neoliberalism have started to shift markedly. Neoliberalism's historical blocs, that is to say the bonds between rulers and ruled, have not only become fragile; in a certain way they have also melted down in most countries. And in a very few cases they have been pushed out of power. To determine where the present crisis will lead it is helpful to look at the ongoing turmoil among the ruling classes.

In their just published excellent study «*In and Out of Crisis*» (Oakland 2010) Greg Albo, Sam Gindin and Leo Panitch state: «... it is pure fantasy to see significant splits between different sections of the capitalist classes or a fracturing of political

parties...there has been no significant disunity amongst the main fractions of capital – between industrial capital and finance, between foreign and national capitals, and between big and small capitals. They have all seen their political stake in the resolution of the crisis in a way which reconstitutes neoliberal hegemony.» (p.37). Depicting the capitalist classes and their political expressions in a situation of deep crisis as something monolithic makes sense only in so far as one looks at the *structural* and static dimension of the power structure. Yet even this is not convincing: in Germany for example there are quite spectacular conflicts between industry and finance and between big and small capitals as well.

However, to include only this structural dimension in one's field of vision means to miss the *dynamic* dimension of development. The factions and groups within the ruling classes have, for nearly two years now, been engaged in fierce struggles over the current management of the crisis and possible strategic options. The crisis has brought the fragmented structure of this power bloc more visibly to light than ever before, for the individual power groups need media visibility in order to win over adherents and dominate the whole bloc. As an immediate result of the crisis and the struggles to control it we can see a remarkable rearrangement of the political forces. Now there is the beginning of a second arrangement: there is much evidence that the crisis has generated a new fragmented *crisis-neoliberalism*, in which various *accumulation models* will be contested for a very long time to come. It is the specific model of finance-led accumulation which has come into crisis, and the future of this model is being questioned. The capitalist classes and their political representatives are organizing around exit strategies and dividing along these lines – this means that they are focussing on the old accumulation strategy and on new ones, with the avantgarde and their followers gathering around these new political paradigms. It is therefore true that there is consensus, but at second and third glance there is also deep dissent.

DIRECTIONS AND FACTIONS

Authoritarian

First, there is a consolidation of a politically fortified *authoritarian direction*, as in countries like Austria, Italy, in part France, Eastern Europe, Russia, a large part of the oil countries and East Asia and China where it has a strong presence or is dominant, and which by now possesses bastions within almost all governments. To overcome the long depression in effect since the late 1970s, it advocates rapid resumption of industrial growth policy through a policy of strategic *stateled accumulation* and assumes that the abrupt changes can be dealt with in a politically authoritarian (and, *when necessary*, imperial) way. Nationalist or fascist formations have so far only been capable of connecting above all in Italy, Austria, France, some eastern and central European countries and in Russia – but this is impressive!

Market Radical

Second, in contrast, extreme *marketradical* elements of the neoliberal power bloc have clearly been weakened. Their projects and rhetoric have lost consensus and the uncontested ability to be put into practice, although they have not disappeared. It has lost its *standing* as a «theoretically innovative» and «ideologically efficient» tendency connected to the future – its attempt to make the state into the cause of the crisis hardly has any resonance. This tendency has, it is true, frequently only accomplished tactical maneuvers and continues to be a component of the power block – only in exceptional peripheral cases (for example, in Iceland) has it been largely pushed out. It has for the most part lost its dominant position within the neoliberal power bloc, but has at the same time – as in the case of the FDP in Germany – been able to become a dynamically acting collecting basin for networked marketradical, often also bourgeois-liberal, formally constitutional forces of the middle and upper classes. The crisis for them naturally is not an «organic» or «structural» crisis, but only a major conjunctural one. This tendency praises inequality, fights against the idea and practice of basic social rights and presents itself as the preceptor of a new elitist meritocracy-based bourgeoisie. It only wants to have back the good old neoliberalism from the pre-crisis period, nothing more.

Center-right

Third, in all capitalist countries (and especially in the FRG (the CDU/CSU), partly in France, England and in the eastern European countries, where it has been strengthened on the political party level), a third *center-right, social conservative* group has been consolidated, which is both competing and forming coalitions with the first named group and which acts as a political means for the mediation of «market and state.» To this extent it is not only literally centrally positioned in the power-political business of crisis-management and predestined for this function – and of playing at times the role of the *center of crisisneoliberalism*. In terms of the politics of *hegemony*, it also continues to be electable and capable of connecting to all social classes. Moreover, it has no more taken leave of the paradigms of *lowintensity democracy*, of *imperial policy* and of an international trade, with which competitive states compete for market shares, than have the above mentioned power groups.

Social Democrats

Fourth and at least in European countries like Germany, Austria, Italy or England, the *socialdemocratic reformist variants of neoliberalism* have been virtually toppled, and they have not been able to draw strength from Obama's reformist project, which is trying in the USA to build a competing reformist, liberal historic bloc. Only in few countries (northern Europe, France, England) have they been able to hold their ground. The question is still open as to what will become of this post-democratic-neoliberal tendency of reformism, which has for more than a decade dominated the social-democratic camp. Its political crisis continues unabated – whether it is in opposition or in government. In the upper and middle classes, it is losing its power positions and mass base to social-conservative neoliberalism. On the other hand, the precarious or unemployed, partly immiserated, subalterns, once represented by social democracy, have in Germany gone over to the anti-neoliberal LINKE, in France to the Left of the Left and the Left, and in Italy to the authoritarian right. Die LINKE increasingly faces the problem of how it simultaneously politically represents the insecure and declassed state-oriented *underclass* and libertarian *middleclass groups*. The crisis is aggravating the representation problem of the left.

Dissidents

Fifth, the contradictoriness and fluidity of the present situation is shown by the fact that in almost all larger capitalist countries in the last year and a half, comparatively small, very heterogeneous, groups have emerged, which are either associated with the neoliberal power bloc or have long competed with it without essentially gaining any influence, which act in a *moral-economic* way and which in part clearly see themselves as *postneoliberal*. Often they represent a labile, ambivalent bourgeois dissident milieu. Consequently, they are positioned in a transverse way and are found, as a result of the crisis and of the constant sharpening of the environmental crisis as a quasi-opposition in all of the directions enumerated above. Their point of departure is a global, synchronous and multiple crisis of capitalism; they agitate for humanist, liberal (seldom libertarian), ecological, reformist and at times also welfare-state goals above all of the middle class and of some young elite groups and often recruit strongly from the bourgeoisified Greens and from the vestiges of a social-democratic government left in Europe. Politically, they frequently look to the Obama Administration or even to the left and center-left governments of Latin America. Their vague ethical-political credo is in the words of a policy paper of the German social-democratic Friedrich Ebert Foundation, of August 2009: «*What is appearing in the place of the failed capitalist model? How can a new capitalism – a capitalism 2.0 – look? It is clear that it has to become somehow different and somehow better*» (FES Policy – Politische Akademie No. 31, August 2009, p.1). What is advocated is a «*good capitalism*,» a *good governance*, a *good work*, a *good society* and, finally, a *good life*. This is supposed to solve the multiple structural crises of capitalism and displace assets-driven accumulation by a *Green or Public New Deal*. This is a new, very weak and ambivalent realm or culture but in terms of political strategy it is the most interesting development for the left. However, up to now, (1) these reformist groups, (2) the more radical greens and left-reform-

ist tendencies (including the movement left), and (3) the socialist tendencies of the left (and of the *left of the left*) have, to a large extent, acted in isolation of each other.

In the present crisis, such differentiations and changes in the constellations and hierarchies of power are often overlooked, because they have not led to a dramatic exchange of political personnel – or they became confused with the beginning of the end of the neoliberal power constellation. If one looks at the *protagonists* and the completely capital-oriented *results* of their crisis management, one would diagnose continuity; if one instead looks at the *action taken* in the crisis and the instruments used, one would see a break or even an unexpected end of the neoliberal project. Both suppositions are short-sighted and premature. What are visible are strong differentiations and shifts of position within the neoliberal power bloc. *We are dealing here with a crisis-driven new fragmented neoliberalism.* The contours of neoliberal power and the limits of the boundaries of the project are becoming blurred. New contradictions are emerging: while the old policy of deregulation is being modified, the policy of privatization remains, and while the course of liberalization is being weakened the practice of financialization, thanks to the unique mobilization of public funds, remains unbroken. There are thus numerous projects of neoliberalism and also of post-neoliberalism, whose variants are intermeshed, overlap and compete with each other. Fragmentation does not necessarily mean decline.

ACCUMULATION STRATEGIES

Financial Market Driven Neoliberalism

At present there is a precarious consolidation of the still dominant *financial-market-driven accumulation model*, whose life span is not predictable. Consolidation means that bank policy is organizing recapitalization and is fighting insolvency; the central banks are gaining power; there is weak regulation and no action against risky financial-market instruments; fiscal policy is concentrating on redistribution; austerity policies are being exploded.

In Europe, central strata of the skilled wage dependents are being protected from unemployment, though not from significant losses of income, through reduced working hours and cyclical programs. *A crisis corporatism* was established, with the unions as clearly dependent partners. Nowhere have the unions been able to use the explosion of state intervention for interventions against the investment sovereignty of the owners. Two years after the outbreak of the crisis, neither a switch to an active sectoral and regional structural policy nor the expansion of co-determination to a politics of economic democracy is a theme. If one looks at the European economy of power, then the dominating position of France, Germany and England in financial markets as in the real economy has clearly been confirmed; even Poland and the northern European states, along with their neoliberal elites, have consolidated their positions in Europe. However, Germany is the winner in the power play – at least for now. Others (like Greece, Spain, the Baltic States, Hungary) are losers.

Inclusive Accumulation

Other central global players such as India are hardly touched by the financial crisis and are continuing along the path of their brand of *neoliberal politics*. As a parallel to this, in coun-

tries like Brazil and China strong domestic-market-oriented, inclusive growth and accumulation strategies are being pursued, which aim at including enormous hitherto excluded peripheral sectors. They are trying to institute a change away from «fragmented accumulation» and to an inclusion of internal peripheries as a new driving force of global capitalism. Their huge internal markets help in recovering from the crisis and compensate the process of de-globalization.

Green New Deal: the Race is on.

In the present anti-cyclic programs, the rudiments of a state-led Green New Deal are being introduced: «... the countries are striving vigorously to get ahead in the race for pole position in the new green low-carbon economy,» as a just published new report on Germany's environmental policies says. (Peer Review on Sustainable Development Policies in Germany, Berlin November 2009). Its representatives have no doubt that the country which lags behind in the struggle to establish green capitalism cannot achieve hegemony and profit domination in the capitalism of the future. The race is on.

It is indisputable that energy, resource and emission-intensive growth has come up against limits. Only the Green New Deal (GND) is a strategic concept that acknowledges the multiple crises and the irreversible overburdening of the ecosystem (use-values), and can therefore also be a project of societal transformation. A variant of GND – the green capitalism project – even offers the promise of a new, still strongly assets-driven accumulation strategy, which would not formulate a rejection of consumer capitalism – the first great invention of US capitalism – but promises its transformation through a strategy of resource efficiency. Put differently: financialization + solar energy = GND. In any case, there already exist varieties of green capitalisms – as concepts, projects and fragments – which are not to be equated with each other. The left variants of GND stand for a *radical linking of ecology and the commons*.

KEY PROBLEMS

In the Federal Republic the political concepts of the above-named tendencies are confronted with four key problems:

1. Since 2003 Germany has piled up a balance of trade surplus, vis-à-vis all other European countries, of almost 600 billion, which in the case of all states led to negative job and salary effects. In no OECD country has social inequality grown in recent years so strongly as in Germany. The real economy of no other large capitalist country, with the exception of the USA, has been hit as hard by the crisis. The imperial *export strategy* of the FRG has no future, yet the policy of acting as the «supplier to the world» is deeply anchored in the culture and balance sheets of Germany's industrial and economic policy. The political will for a transition to a world trade based on comparative advantages is nowhere to be seen. So far it is impossible to discern which political protagonists could initiate and arrange, through a re-proportioning of investments, domestic consumption and export, a short- and middle-term entry into another economic, trade and industrial policy, which would be shaped in an environmentally compatible and resource-efficient way (Rainer Land).
2. None of these tendencies – not even the reformist and left one – has an even partially worked out concept, capable of

consensus and hegemony, for dealing with the explosion of the *national debt* which is the result of the predatory behavior of the too-big-to-fail banks. Until now, almost everything points to an equally explosive continuation of redistribution and a further weakening of public budgets and consequently of the public sector. As a result of the crisis we have the problem of a handful of imperial nation-states acting as *ideal collectiv bankers* (Altvater). Tax policy is beginning to become a still more central political area for the left (also for the trade unions, which hardly interests them).

3. The *distribution question* has been back now for quite some time and is, in terms of the results of the crisis, thus far much more serious than it previously had been. Competition and a policy of making the relatively poor subsidize the completely poor will spread still further, so that the desolidarizing divisive effects of distribution policy – now more than ever in the last decades between the smart middle class and the superfluous underclass – will become greater. Above all in the *society of the smart people* (Rosenau) cultures of non-recognition and resentment will spread still further. For this reason, also, job creation, the robust securing and rapid creation of jobs, is the central task of the left.

The situation of over-accumulation and of financial speculation has been retained through the interventions of central banks and governments, and a «soft» transition to a phase of accelerated accumulation of capital is not foreseeable, particularly because for the world economy the US citizen, still considered the consumer of last resort, who ensured growing demand, has disappeared, and there is no substitute in sight.

CONCLUSION

In short: in the most recent crisis, the leaders have effected modifications, opened up new options and at least partially integrated challengers. The hegemonic bloc was clearly changed; the power constellations within the ruling classes have been considerably altered – *a newly fragmented crisis neoliberalism has arisen*. The global shift in favor of Asia has accelerated; in particular the US, Japan and the EU have been hit by the crisis, and the global spatial order of accumulation is changing. In Europe, the social-democratic and market-radical directions have clearly been weakened. *A new center-right-wing of crisis-neoliberalism is forming (Sarkozy, Merkel)*. For them, there is no thought of a fundamental, strategic departure from the neoliberal development model of capitalism, but in the struggle over crisis management and accumulation models the different factions and directions intermingle. Before our eyes a new period is beginning, but are we seeing it? It is conceivable, but we do not know it. Today it cannot tell if a new regulation type will develop. However, it is more probable than ever that, nearly a half century since Rachel Carson published *Silent Spring*, we are standing at the beginning of a dynamic turn to a massive ecologization of capitalism. The question is open whether this will be a new type of capitalism. Whether alongside a Green New Deal there will also be a *Public New Deal* and a *Social New Deal* and, finally, even a *participatory capitalism (Land)* or a *socialism that incorporates the commons, justice and democracy* – this is now really open and depends, of course, on the very, very long-term persistence and patience of the left.

Nowhere has the turmoil within the elites resulted in a major breakthrough for the left – and in view of the three decades under the shadow of an historic defeat, this was admittedly not to be expected. The left doesn't fall from heaven. The great crisis is not over; unemployment and national debt are now at its center. They are the key political questions of the coming years.

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