

Political economy of 'right-wing populism'

- Moving forward against the fallback.

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The fundamental first question is if we can still speak of a political left and right. And a definitive affirmation is underlying the main argument of the following. The reason for raising this issue is not the general 'totalitarianism doctrine' but its specific resurgence based on the view of both, left and right, being populist-authoritarian – as such, the currently fashionable argument is actually not referring to any concept of totalitarianism in the normally suggested understanding. Instead, Dalio et altera insinuate that '[p]opulism is a political and social phenomenon that arises from the common man being fed up with 1) wealth and opportunity gaps, 2) perceived cultural threats from those with different values in the country and from outsiders, 3) the “establishment elites” in positions of power, and 4) government not working effectively for them. These sentiments lead that constituency to put strong leaders in power.’¹ They interpreted this as ‘a rebellion of the common man against the elites and, to some extent, against the system.’² There is on the other hand too little concern with more detailed analysis, i.e. an analysis that engages as well openly in the contradictory nature of the shifts in the political landscape, and the fact that we should not be simply concerned with ‘enemy bashing’ but instead – looking at the details – we have to move towards searching for concrete utopias as alternative.³ In fact that requires also that the left fully returns to sound

¹ Dalio, Ray et altera; Bridgewater Associates, 2017, March 22: Populism: The Phenomenon; Bridgewater. Daily Observations: 2; <https://www.bridgewater.com/resources/bwam032217.pdf>; 31/03/17

² Ibid.

³ see in this context an interesting study, on Italy, problematising the background in the overall political patterns, past and present, not least issuing the secular changes of the political culture: The Economist. Intelligence Unit, 2017,

arguments, not denying any problems nor suggesting arguments on the basis of moral sentiments.

Looking at the many reflections and studies, there are in my opinion especially two limitations. First, they are working mainly on the basis of a political-institutionalist paradigm – a perspective that is also maintained when it comes to assessing aspects of social class/stratification, economic development or changes of political culture. Second, debates sustain a dichotomy, suggesting many different forms of political ‘opening’, inclusion, participation etc. but – going hand in hand with the first factor – developing such arguments on the basis of an accepted ‘we and them’: searching for mechanisms that allow inclusion, though there is little consideration concerned with questioning the system itself, i.e. probing inclusion in[to] what, participation in [it should read: from, i.e. taking part from] what? etc. The populist right actually is very much exploiting these underlying issues by questioning such limitations and divisions and proposing own utopias as concrete alternative. On the other hand, the left is too much caught in operating within the given framework, not sufficiently considering that a return to a previous normal will not be possible nor even desirable – much of that normal was actually [i] itself an exception and [ii] based in structures that not least the left itself questioned over long periods fundamentally. Four dimensions should be looked at, seeing in them major gateways for populism and also major challenges and openings that have to be addressed for developing a left alternative:

1. Distribution and Production
2. Consumption as ‘productive factor’
3. Political-economic systems: comparative versus cooperative advantage
4. Superiority of the latecomer

First: Distribution and Production

Undeniably a major issue is extreme inequality, seemingly based in mechanisms of distribution that are considered to be unfair, not sufficiently remunerating 'decent work'. This point can easily be made – and it is often centre stage on populist agendas. However, in this formulation we can also see the crux of such an argument: underlying is the idea of a 'fair wage', building not least on such vague notion as that of decency. Thus, it pushes us very much towards accepting the idea of fair wage which Marx put into context:

Upon the basis of the wages system the value of labouring power is settled like that of every other commodity; and as different kinds of labouring power have different values, or require different quantities of labour for their production, they must fetch different prices in the labour market. To clamour for equal or even equitable retribution on the basis of the wages system is the same as to clamour for freedom on the basis of the slavery system. What you think just or equitable is out of the question. The question is: What is necessary and unavoidable with a given system of production?⁴

In other words, the left, without refraining from attacking the current distribution and demanding change, has to bring the issue to the level of criticising the current mode of production which defines 'What is necessary and unavoidable with a given system of production'. And it has to do so by addressing the value generating aspect of labour, treating the latter in a way that grasps the real social value of work. Furthermore – and this makes things complicated, it has to be highlighted that the changing 'composition of the population' is indeed a problem – or better said: should indeed be a problem. But this does not concern the inflow of people but the pressure it causes with regard to the composition of capital in form of the devaluation of labour power.

⁴ Marx, Karl, 1865; Value, Price, Profit; 20_Marx-Engels-1864-68.pdf: 129

Second: Consumption as 'productive factor'

An important point on which the 'success story' is established is concerned with consumption. This is seen as matter of competition, for instance by blaming external and 'alien' obligations for the need to limit national and private consumption.

Furthermore, this is linked to conceptualising consumption simply along the line of a liberal double-orientation: as matter of growth of commodity-production of which the purpose is seen as final consumption; and as matter of final use by individuals. In terms developing a political strategy it is a simple – and easy to utilise – way to spark competition and to direct as hostility and 'anger' against 'outsiders', be it migrants, members of the LGBT-community, foreigners, women, disabled etc. – there is no need for any other criteria than 'not us', 'not according to our norm'. And it makes forget what the actual strength could and should be when it comes to consumption: [i] it is part of the productive process, feeding into the production of goods [e.g. as raw material]; [ii] it is a social force – as much as a tendency towards individualisation is inherent in private consumption, there is also a tendency towards bringing people together and allowing them to be together with others [where would we be without the consumption of electrical energy by the high speed train and the tram, bringing us together for political conferences, regional and international sport events or the table of regulars in the pub of the city quarter]; [iii] it is not least within the current mainstream the social fuel and social glue, 'giving individual production social value', i.e. acknowledging individual labour on the market as exchangeable; [iv] not least it is about 'producing the social' for instance in form of social funds used by way of active industrial policy, social security mechanisms, health systems etc. – These factors, forgotten and even denied by populist strategies, are important points for developing a sound strategy by the left. This way, such policy can gain ground as going beyond strategies of distribution; and this way it is also possible to identify in a clearer way that some property is theft: turning social products into private property. Such wider understanding does not only include external cost into standard calculations of enterprises, but it embraces also the social benefits that are privately

appropriated. Not least this has to be an important aspect in the debate on distribution.

Third: Political-economic systems: comparative versus cooperative advantage

A fundamental matter guiding populism is founded in the economic paradigm of comparative advantage, in principal terms concerned with competition, competitiveness and quest for trade surplus.^{5/6} Several critical points have to be made; the most important however is also the most trivial: trade surplus can only be archived if there are trade deficits 'balanced' against it. This means that we have an overall imbalance – with all the necessary negative consequences for the global economy and for national and international political orders. There is, of course, the claim that comparative advantage would suggest by definition some balance: if A is better in producing product α than in producing β , all production will be drawn towards producing α . However, it means also that an excess demand exists for product β which then should be produced by country B – though it is not necessarily the case that the opportunity cost are better for country B producing product α , the marginal rate of disadvantage is lower so that all or at least most of the production will be drawn to the production of product β . Leaving the detailed discussion of the many flaws of such approach aside, the point that needs to be made at present is that we are today more than ever concerned with complex products and complex processes of production. This means, the other way round, that the simple comparison is not anymore possible as long as we are concerned with extended reproduction,⁷ and that much of the real advantage actually stems from cooperation – the linkage between different productive processes is in itself an increasingly important factor – this goes very much in the direction of taking the question of value chains serious. A thorough discussion on this topic has to be taken up in order to rebuke populism on the basis of economic analysis instead of moral standards.

All this means not least to reintroduce the question of rights into the debate of international relations, linking this closely to a process of revisiting national legal

⁵ With the latter standing to some extent potentially in its own way

⁶ In this context it is also necessary to return in detail to the issue raised above namely the pressure on the composition of capital.

⁷ If it ever was

systems. The orientation has to be directed towards conceptualising rights as social rights – not rights that are ‘granted’ to individuals or based in simple acts of exchange.⁸ Instead, it is about understanding rights as relational.

Fourth: Superiority of the latecomer

The populist anti-globalist perspective – leaving the demagogic rhetoric⁹ aside, and leaving also aside that we do find indeed the negative impact of globalist equalisation, excessive standardisation [in the form of ‘cultural imperialism’ and hegemony], downward pressure on working conditions and income etc. – we find also and even more huge potentials of diversification, enrichment and exoneration. In general terms this is probably widely accepted. Developing a thorough and grounded approach suggests applying a perspective of ‘historical advantage’. While arguing against Rostow’s five-stage model,¹⁰ we can see that latecomers had been frequently advantaged, being able to learn from history.¹¹ Also, history clearly shows that ‘national purity’ is more the exception than the rule.¹²

The present thesis is that the initial ‘modernisation pressure’ is so stark, that development frequently leads or contributes to suffocation of temporary advantages, not least by overheating. Originally existing comparative advantages turn into halting movement.

Conclusion

This brings us at the end to emphasising the fact that populism is based in exploiting the objective disparity, characterised by Joe Guinan and Thomas M.

⁸ following the principle of individuality, mutuality, formal equality and exclusivity.

⁹ see on such rethoric also Schalit, Joel, 31.03.2017: Trans-Europe Express: England’s Dreaming. This week in Europe; <http://brief.euractiv.com/2017/03/31/trans-europe-express-englands-dreaming/>; 31/03/17

¹⁰ Rostow, Walt Whitman, 1960: The Stages of Economic Growth: A Non-Communist Manifesto; Cambridge: Cambridge University Press; 1990³

¹¹ For instance German economic success after WW-II was to a large extent also due to introducing latest technology, due to the ‘need to start from the scratch’.

¹² E.g. the migration inflow into the Ruhr area, leading to the economic strength of the Ruhr area. One may call it cultural enrichment: languages clearly show that their development is a mix and merger of different origins, this way not least making issues ‘thinkable’; usually going unrecognised for non-linguists, but in several cases we also see it in terms we use: the Berufsverbote and kindergarten/kindergarden as German terms being used in English language, the computer, originating in Latin [computare], being mainstreamed in English as designation first for any calculating machine, and then for the ‘modern use, “programmable digital electronic computer’; see http://www.etymonline.com/index.php?allowed_in_frame=0&search=compute;02/04/17

Hanna as the ‘social and political limits of our economic order’¹³. The Polanyian question is then not so much concerned with pure desembedding but with re-ordering of social, political and economic order. I propose to convert this by using an extended regulationist perspective – speaking of integrating accumulation regime, mode of regulation, living regime and mode of life – as ontological point of reference and to apply furthermore the social quality perspective with the four dimensions of ‘biographical development’ and ‘societal development’, ‘institutions’ and ‘communities’ dimension as epistemological frame of reference.

– Of course, a challenge for the left is to deal with the tension between hare and hedgehog,¹⁴ the latter being caught in danger of losing identity, though gaining from cooperative competition.

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¹³ Guinan, Joe/Hanna, Thomas M., 2017: Polanyi against the whirlwind. Editorial of *Renewal*, A Journal of Social Democracy: Lawrence&Wishart Volume 25 No. 1, Spring; 5;
https://www.lwbooks.co.uk/sites/default/files/renewal25.1_01editorial.pdf; 01/04/17

¹⁴ Grimm, Jacob/Grimm, Wilhelm, 1812: *The Hare and the Hedgehog*