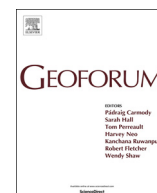




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Critical review

Neo-illiberalism

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ABSTRACT

This review brings together a set of trends to rethink neoliberalism. Decades of neoliberalization have transformed Western political economies, and although the financial crisis debunked the ideology for a fraud, the practices have simply refused to die since. Instead, neoliberalism assumed an authoritarian character, feeding popular resistance. Although leftist challenges failed to break its spell, Brexit and Trump bulldozed right-wing populism into the mainstream of the neoliberal heartlands. Where these events have conventionally been presented as ruptures to the status quo, this review suggests that they herald the next neoliberal wave shaping global capitalism. This phase is described as *neo-illiberalism*, signifying the illiberal mutation and restoration of transatlantic neoliberalism, marked by brazen attacks on constitutional checks, balances and rights across vast neoliberalized landscapes. These are executed by neoliberal elites working with and/or adopting nativist narratives and policies of the radical right, unevenly adapting Western neoliberalism to a nascent neo-illiberal world order.

1. Introduction: neoliberalism's illiberal reawakening

Across the Western world, neoliberal globalization appears under attack. Conventional wisdom has it that the votes for Brexit and Trump were nationalist ruptures to the status quo, taking global elites by surprise. Yet, why is it that global media conglomerates instrumental to the rise of neoliberalism continue to play leading roles in these ruptures, pushing nationalist narratives supposedly fighting “the corporate elite” (The Sun, 2016)? And why does Donald Trump continue to recruit Goldman Sachs bankers whilst enacting financial deregulation and tax cuts, much like his predecessors? This review advances a counter perspective, highlighting the mounting fusion of neoliberalism and radical-right populism exercising government power, thereby sketching the contours of a mutating transatlantic neoliberalism - an emergent *neo-illiberalism*.

The death of neoliberalism has often been proclaimed, not least following the transatlantic financial crisis of 2007–08, which debunked the ideology for a fraud. However, besides engaging with the prospect of post-neoliberalism (Peck et al., 2009; Springer, 2015), scholars were quickly taken back by the sheer endurance and mutability of neoliberal practices (Crouch, 2011; Peck, 2010b). Where the neoliberal project appeared to collapse, it resurged out of the ashes (Aalbers, 2013; Hendrikse and Sidaway, 2010), revealing a cunning ability “to

exploit threats to its survival as opportunities for expansion” (Jessop, 2016:417; see Peck, 2010a).

The crisis *did* annihilate consensual neoliberal rule, seeing post-crisis neoliberalism assume more authoritarian and punitive traits, galvanizing resistance (Bruff, 2013, Davies, 2016). The center left was particularly punished for their neoliberal cooptation, and by the mid-2010s leftist challengers had emerged across the West. Crucially, Greece's *Syriza* did not undo themselves from Eurozone technocrats, as much as Bernie Sanders failed to break the consensus among US Democrats. Each time, neoliberal resistance was curtailed, leaving resentment in its wake.

Neoliberalism has always sought allies to reproduce itself: where centre left and right formed neoliberalism's “extreme centre” (Ali, 2015), the mid-2010s witnessed a growing alliance between extreme centre and radical-cum-extreme right, the latter covering their feathers under labels such as *Alt-right* to seduce “the wordless, formless rage of the people neoliberalism left behind” (Penny, 2016). In redirecting rage from bankers to minorities, the progressive elements underpinning neoliberalism (Fraser, 2017), along with the actual left, became targets of the self-proclaimed resistance.¹ To an important degree, the votes for Brexit and Trump have been realized upon this shift, with global elite factions utilizing neoliberal failure as fuel for expansion.

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¹ In Europe, the 2015 refugee ‘crisis’ played a key role in redirecting popular frustration. Right-wing populists gained popularity, not only due to online deceit or ‘the Russians’, but also because established media embraced nativist narratives. In Dutch media, for example, the European Union (EU) was no longer a neoliberal vortex, but was instead depicted as a globalist project run by ‘politically correct’ elites. These narratives discursively transformed the neoliberal order into a leftist project, which could henceforth only be undone by right-wing nationalists.

2. Emergent properties

Mudde (2004) brought the term ‘illiberal democracy’ into the debate on populism, which studies the ‘clash’ between ‘undemocratic liberalism’ (a euphemism for neoliberalism) and illiberal democracy, a spectrum of regimes among which populism constitutes one form (see Zakaria, 2003). Crucially, this debate exhibits numerous blind spots. For example, some argue that populists “seek to drive a wedge between democracy and liberalism” (Galston, 2018:5), neglecting how neoliberalism ignited undemocratization (Crouch, 2004; Slobodian, 2018a). Others argue that liberal democracy “has a tendency to deteriorate into one or the other of its perversions”, neglecting how liberal democracies might be subject to *both* illiberalization and undemocratization (Rodrik, 2018b). In this regard, the term illiberal democracy is a misnomer, for it too exhibits undemocratic tendencies (Mueller, 2018a), arguably supplementing neoliberalism’s democratic shortcomings.²

Building on this debate, it is argued that a new synthesis is currently mainstreaming throughout the Western world: call it undemocratic illiberalism, or *neo-illiberalism*.³ Where preceding waves of neoliberalization fueled the undemocratization of liberal democracies, the rise of the radical right threatens to illiberalize the neo-liberalized heartlands (Peck and Tickell, 2002). Crucially, instead of undoing neoliberal globalization, (the threat of) political illiberalization might equally shield the economic core of the neoliberal project from popular resistance, effectively functioning as its toxic protective coating. Contrasting perspectives pinpointing a rupture, the ascent of neo-illiberalism – that is the illiberal mutation and restoration of transatlantic neoliberalism – might well prove the next neoliberal wave shaping global capitalism.

Signaling a process of political change, the rise of the nationalist and nativist radical right is increasingly fueling brazen attacks on the various institutions, rights and values undergirding constitutional liberalism across the West. Amongst others, these include attacks on checks and balances, where legislatures and judiciaries are subject to power-hungry executive branches, along with wider societal counterpowers, including independent academia and media. To exercise ‘the will of the people’, moreover, individual basic rights, including free speech and association, and related civil, human and minority rights, are equally prone to attacks. Admittedly, this development resembles general populist attacks on liberal democracy, whereby notions of popular sovereignty and democracy are accepted, provided they are understood as majoritarian power, whilst constitutionalism and liberal rights are rejected. Yet (the threat of) political illiberalization unfolds in a specific context of advanced neoliberalization, where (as of writing) economic ruptures remain mundane. What is foremost observed is the rise of political – not economic – populism across the West (Rodrik, 2018a).

Behind the ever-apparent threat of protectionism, it should be remembered that the neoliberal infrastructure undergirding global capitalism remains broadly intact: key free-trade agreements⁴ remain in place, with the World Trade Organization (WTO) widely considered the backstop to manage trade relations. Where the US might unilaterally seek to rewire multilateral trade in bilateral fashion, insiders note that investor-state dispute settlement (ISDS) clauses will remain key features (Freshfields, 2018), continuing the transfer of power from states to corporations. The financial picture is more remarkable, as central bank

² Both neoliberals and populists effectively take power away from liberal democracies, arguing that ‘there is no alternative’ to either technocratic rule or the unrestrained will of the people: where neoliberals insulate economic domains from democratic decision-making, illiberals take away restraints limiting the exercise of political power. Logically, in undoing constitutional rights it becomes all the harder to challenge neoliberalism.

³ The term neo-illiberalism has been coined by Aiyar (2011, 2016). Other scholars have advanced notions, such as ‘liberal illiberalism’ (e.g. Moffitt, 2017); or focus on neoliberalism in relation to illiberalism (e.g. Berezin, 2009).

⁴ Trump cancelled the multilateral Trans-Pacific Partnership (TPP) free-trade agreement as one of his first acts in office but has indicated that he is willing to restart negotiations.

independence, the International Monetary Fund (IMF) and the larger “new international financial architecture” undergirding global financialized capitalism remain unchallenged, seeing tech-driven financial markets continuing their reign over society and state (Hendrikse, 2015, Hendrikse et al., 2018, Mayeda, 2018, Rogoff, 2018, Soederberg, 2004).⁵ Added up, despite all the spectacle, thus far the economic rupture foremost constitutes a change in style rather than substance, with policy objectives like *America first* merely accelerating the race to the bottom.

3. Variegated expressions

Beyond advancing the rule of markets, neoliberalism is regarded “a *rascal concept* – promiscuously pervasive, yet inconsistently defined, empirically imprecise and frequently contested” (Brenner et al., 2009, emphasis original). Where neoliberalism typically spreads in hybrid assemblages, neo-illiberalism is by definition an amalgam of neoliberal and illiberal operating systems, producing *variegated neo-illiberalization* across space. Importantly, it should be noted that periodization is a thorny question (Hendrikse and Sidaway, 2010), and many expressions have long been visible along the fringes – the difference is that they are now mainstreaming into power.

Epitomizing the Western breakthrough of neo-illiberalism, the Trump presidency is comprised of globalist (neoliberal) and nationalist (illiberal) factions allegedly vying for power (Wolff, 2018). Amongst others, Trump’s illiberal rhetoric aims to target indignant electorates on an emotional level.⁶ However there is more method to the madness, as illiberal narratives and policies typically assume frontstage in news cycles. For example, Steve Bannon’s ethnonationalist crusade and Trump’s Twitter rants have overshadowed ongoing financial deregulation, tax cuts, and the corporate takeover of government – “neoliberalism’s final frontier” (Klein, 2017). In general, illiberal tales are cultural, defining economics out of existence, effectively functioning as rhetorical sanctuaries to hide the material failures of neoliberal globalization.

Established neoliberal constellations of political parties and media conglomerates have increasingly embraced illiberal nativism and populist tactics to channel resentment and conceal non-change. For example, Rupert Murdoch’s *News Corporation*, instrumental to the (re) making of neoliberalism, played a key role in the votes for Brexit and Trump. Such constellations infused Britain (but also The Netherlands, Catalonia/Spain, and elsewhere) with majoritarianism via divisive referenda, fueling variegated attacks on legislatures and judiciaries to “crush the saboteurs” (Daily Mail, 2017), with established political parties habitually absorbing mounting ‘anti-establishment’ energy, seeing neoliberal insiders synthetically transform themselves into populist outsiders.

In Europe, this makeover has been pioneered by Hungary’s Victor Orbán and his *Fidesz* party: having led Hungary on the path to neoliberalization, opening up the country to foreign investment and EU funding, Orbán subsequently reinvented himself as a self-proclaimed illiberal democrat, anticipating popular frustration. Although taking control over the judiciary and media through cronies (Mueller, 2018b), this shift has not vitally altered Hungary’s neoliberalized economy. In variegated guises, Orbán’s illiberal virus is currently spreading across Europe – requiring “no coherent ideology”, just “imaginary enemies”

⁵ The exception is the Eurozone architecture, having taken neoliberal undemocratization to extremes. Yet here too there is much populist barking but little biting.

⁶ Manipulating emotions of Facebook users was the science behind *Cambridge Analytica* – the recently liquidated firm which through its parent company *Strategic Communications Services* (SCL) has been born out of the neoliberal privatization of military interventions in Afghanistan and Iraq, with strong ties to intelligence, military and political elites in the US and UK (Ramsay, 2018; O’Hare, 2018). In general, it is paradoxical that the nationalist resurgence is taking place online – a globalized space *par excellence* – where basic rights to privacy have evaporated.

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