

# Neoliberalism From the Left

Tuesday 28 August 2018, by [BURGHGRAVE Chase](#) (Date first published: 6 August 2018).

**In the 1970s and '80s, left parties turned to markets and spin doctors to adjust to economic changes. The results have been disastrous.**



Two leaders of the German Social Democratic Party, Siegmund Gabriel and then-chancellor Gerhard Schröder, speak during a party meeting on July 9, 2005 in Hanover, Germany. Carsten Koall / Getty

ince the late 1970s political parties all over the world have embraced a politics of free markets, privatization, and financialization. While promising freedom, this political project — typically referred to as neoliberalism — has brought record levels of economic inequality and significant democratic retrenchment, particularly in the advanced capitalist world.

Scholars often explain this shift by pointing to the victory of the New Right — personified by figures like Ronald Reagan and Margaret Thatcher. But a new book by sociologist Stephanie Mudge tells a different story.

In [\*Leftism Reinvented: Western Parties from Socialism to Neoliberalism\*](#), Mudge looks at left parties in advanced capitalist countries over the last century and shows how the experts aligned with those parties pushed them in the direction of spin doctors and markets. In the process, left parties' ability to represent the interests of their own working-class constituencies was eroded — and ordinary people were shut out of the halls of power.

Political organizer and socialist activist Chase Burghgrave recently spoke with Mudge about her new book, the role of experts in democratic societies, and whether a more vibrant, egalitarian politics is possible.

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CB

You state at the beginning of your book that leftism actually went through two reinventions in the last century, first from socialist to [Keynesian](#), and then from Keynesian to [neoliberal](#). Why did you think it was important to analyze both of these reinventions within leftism?

SM

The short answer is that the second reinvention couldn't have happened without the first.

The longer answer is that socialism, Keynesianism (or what I call "economistic leftism"), and neoliberalism are not just political ideologies floating in the ether; they emerged out of certain institutional arrangements.

Economistic leftism was grounded in a strong, and historically novel, relationship between academic economics professions and left parties. This relationship was what made the Democratic Party "left," in a Keynesian sense, in the 1930s and 1940s. And this relationship was also key to the [move](#) from Keynesianism to neoliberalism — after all, both systems of thought were primarily formulated inside economics professions.

Now, I hasten to add that neither economistic nor neoliberal leftism should be understood as left parties or politicians simply parroting the things economists say. But once left parties came to depend on economics, it did matter in a whole new way how economists saw things.

CB

You compared four political parties of the Left in your book: the British Labour Party, the German Social Democratic Party (SPD), the Swedish Social Democratic Party (SAP), and the US Democratic Party. Why did you think it was important to study leftism's trajectory through these four parties? And given that the Democratic Party [was never](#) a socialist party, why do you think the Democratic Party should be studied in an analysis of socialism's eventual transformation into neoliberalism?

SM

I had pretty specific historical reasons for the parties I included in the book. For starters, I only wanted to deal with parties that were more or less continuous organizations for the whole twentieth century (this is a little complicated for the German SPD, which was banned in Nazi Germany, but in fact it did survive in exile during that time).

I also wanted to make sure that I included parties that have been especially influential internationally — which varies across time periods. The German SPD was the first, and hands down the most powerful, [mass party](#) of the socialist left at its founding in 1875, so it had to be included if you wanted to understand the socialist period. The Swedish SAP then became the [most successful social-democratic party](#) in the West in the wartime and post-World War II periods and was very influential internationally for that reason. The British Labour Party, meanwhile, became very important when it came to power after World War II, and was a [driver](#) of the internationalization of "third way" politics in the 1990s.

The Democratic Party is trickier, because of its very different history. It has always been a mass party in a certain sense, but not a socialist or ideological one. I include it because, when the leading liberal or New Deal faction of the Democratic Party embraced Keynesianism around the time of the 1937 recession, it became somewhat comparable to social-democratic and labor parties. And, last but not least, in the 1990s the Democratic Party was a [major exporter](#) of "third way" politics to Europe and elsewhere. So that is why it needed to be part of the story.

CB

At the center of your analysis of leftism's reinventions are political parties and people you call "party experts." Why are party experts important for explaining the trajectory of Western leftism over the last century?

SM

First, a definition is in order: I conceive of party experts very broadly, as the people in and around parties who make themselves valuable as strategists, speechwriters, and analysts — that is, people who spend their time producing arguments about how things are and what parties and governments should do about it. The focus is on what people do, or the role they play, inside parties, regardless of their formal training, credentials, positions, or titles. So a party expert could be a consultant, journalist, economist, or politician, or anything else.

The reason party experts are important is that they shape what's on offer in democratic politics — that is, what is political, or what it is possible to vote *for*. So, it matters a lot how party experts see things.

In the book I make the argument that party experts matter in a special way in left politics. Historically speaking, left parties play a very special role because they claim to be the best representatives of poor, disempowered, and disenfranchised groups — that is, groups that lack time, money, connections, and other resources that facilitate full political participation. So left party experts articulate the interests of the least powerful in democratic politics. This is a very, very important responsibility.

CB

I was surprised reading your book to find that many of the party experts of early left parties came out of socialist associations, clubs, left newspapers, and journals. How was this background important for early party experts?

SM

Yes, this is sort of surprising, especially from a present-day perspective. Politics today is absolutely saturated with professionals — consultants, strategists, think tank policy specialists, media talking heads. But it was not always thus. It's very clear that in the late 1800s and early 1900s, journalists and newspapermen were the most important party experts, especially on the Left. In the book I call these figures "party theoreticians," because they often wrote and edited for journals and newspapers that were party-supported, and so they depended on political parties to make a living.

Party theoreticians were important for a few reasons. First, if we go back far enough to recognize the tremendous importance of journalists in the production of socialist theory — which describes many of the most important early socialist and Marxian intellectuals — we have a very useful analytical starting point. We can trace their origins (how they became party experts) and what happened to them: why did they decline, such that we're now surprised to find such a figure at all? And, of course, we can ask whether the fact that party theoreticians were party-dependent journalists mattered for how they saw things.

They were also important because journalists changed the course of political history. It's not clear that Marxism specifically, or socialist theory more generally, could have become the basis of an enduring international discussion without them. Marx himself was academically trained, but much of his writing was done [as a journalist](#). Some argue that the camaraderie, collaboration, cross-criticism, and political engagement that characterized life as a journalist in the mid to late 1800s directly informed the socialist and Marxian imaginary. So if we agree that socialist theory has been one of the most important lines of thinking in modern history, then we should also agree that party-dependent and party-affiliated journalists are among history's most important intellectual figures.

There is one more reason the party theoretician is important, which bears on politics today. The fact

that journalists' past influence is surprising to us now shows that perceptions of "experts" or "expertise" are both historically variable and politically determined. There is a lesson in this: contemporary political parties have a special capacity to consecrate (in a sense, to *make*) experts, regardless of what kind of credentials, schooling, skills, or professional positions people have. They can valorize certain types of skills, forms of knowledge, and modes of communicating; they can also, of course, exclude or marginalize.

Left parties should take this capacity more seriously. There are too many wonks, strategists, and talking heads, and too few people who don't have fancy credentials but do have firsthand knowledge of suffering in their communities, featured in today's political debates. Maybe if left parties took their capacity to make experts more seriously, they could cultivate a more inclusive and representative politics.

CB

How did this relationship between left political parties and the economics discipline form, and what were its effects?

SM

In the book I argue that a new "interdependence" between mainstream economics professions and left parties formed during the Great Depression and the wartime period. There were a few reasons this happened.

One is that everyone agreed that there were big economic problems, but economic facts were matters of dispute (remember that this period predates widely available, standardized economic statistics). So there was a great deal of political demand for people who could pinpoint, for instance, the scale and causes of unemployment.

Another cause was located in economics: economics professions (which were then much smaller, and still in the making) attracted lots of new students who were interested in problems of poverty, labor relations, income distribution, and unemployment, but those students often found that economics professors wouldn't (or couldn't) speak to those concerns. This kicked off a sort of generational rebellion, and new kinds of economists were born (there are similar things happening now, by the way).

Third, in Western Europe, left parties were becoming established enough to invest in recruiting a younger, college-educated generation of leadership. In the Democratic Party, this kind of recruitment began via FDR's campaign (in the making of the famed "[Brain Trust](#)").

So, in sum, in the 1920s and 1930s, a new generation of technically adept economists who spoke to left political concerns were in the making, even as left parties formed closer ties with universities and economics professions.

The effects, I think, were tremendous. In a sense, interdependence made "Keynesianism" mainstream — that is, it helped Keynesian economics become orthodoxy. Interdependence also underpinned left parties' ability to form coalitions, win elections, and govern postwar economies. Last but not least, interdependence created a sort of backdoor into influencing left politics — through economics professions, rather than through parties.

CB

The party experts that came to replace socialist party theoreticians had what you refer to as a

“Keynesian ethics.” What are “Keynesian ethics,” and where did they come from?

SM

“Keynesian ethics” refer to the way left parties’ dominant economic experts in the 1960s — people I call “economist theoreticians” — saw economists, politics, and the relationship between the two. The hallmark of the Keynesian ethic was an assumption that the economist’s job was to provide strategically useful analysis and advice — that is, advice that helped left parties hold together coalitions, deal with the demands of organized labor, facilitate negotiation, support redistributive and welfarist policies, and appeal to broader publics. In other words, “good” economic advice was also politically *useful*.

The sociological argument here is that the Keynesian ethic was linked to economist theoreticians’ situation: they had one foot in left parties and the other in the economics profession. In other words, Keynesian ethics expressed economists’ very real experience of being prominent economists and *also* political strategists, advisers, or government appointees. For people who had this experience, Keynesian ethics were common sense.

CB

Keynesian economist theoreticians were displaced within the left political parties when Keynesian economics as a discipline went into crisis in the 1970s. Why did this happen, and what kind of party expert replaced them?

SM

The standard answer is that “stagflation” — increasing rates of both unemployment and inflation in the 1960s and 1970s — killed Keynesianism, because it confirmed monetarist arguments (in particular, Milton Friedman’s). So stagflation was proof that Keynesianism was a faulty science, and Keynesian economists were faulty scientists.

But the actual history is much more complicated. Economic events are real — if gas prices are suddenly really high, that’s pretty clear to everyone — but interpreting what those events *mean* is a whole different thing. People do the interpretation, and people always have investments. In the book I point out that the stagflation-killed-Keynesianism narrative was produced by people with investments — sometimes political, sometimes professional, and sometimes both.

The stagflation critique was political, not just scientific. And, among economists, those who declared Keynesian economics dead in the 1970s were academics, financial economists, international economists, and sometimes conservative or center-right-party-affiliated economists — they were, in other words, not left-party-affiliated economist theoreticians. So the stagflation-killed-Keynesianism narrative also had a professional aspect to it — that is, it was partly an “ivory tower” critique of economists who were too politically involved, and therefore not scientific enough. And that critique clearly won, which fundamentally changed the economics profession by killing Keynesian ethics.

So, what comes next — to whom did left parties turn? They turned to new kinds of economists, who saw the world, and their role in politics, in a very different way. In the book I call these new kinds of economists “TFEs” (which stands for Transnational, Finance-oriented Economists). I argue that TFEs were not “neoliberals,” but they had what we might call “neoliberal ethics”: they saw their responsibilities in terms of expanding and sustaining markets (a term that is sometimes code for specifically *financial* markets), even if this worked directly against the interests of left constituencies — and, by extension, left parties.

CB

Do you think the growth of neoliberalism is better explained by left parties' acceptance of neoliberalism than the political victory of the Right?

SM

Yes. Right parties have never pretended to be representatives of the disempowered or advocates of policies that insulate people from market forces. The Right's embrace of free markets in the 1980s was important, but it was not surprising. And I think it's disputable that this was really a popular move, electorally speaking — this was a period of growing political alienation and declining turnout across the board. In this context, left parties were the only political force that was capable of critically engaging with market logic. But they did the opposite of this in the 1990s.

I think this had electoral and cultural consequences. Electorally, the "losers" of "globalization" — that is, a whole lot of people, including whole communities — ended up with no party that spoke for them. Culturally, criticism of the neoliberal order was marginalized and hived off as a province of the "radical" left, rather than being the stuff of mainstream political discourse — where it should have been all along.

CB

You write that the growth of transnationalized, finance-oriented economists (TFEs) and left party political strategists and policy wonks are actually related. Why is that?

SM

TFEs were left party advisers who took it for granted that markets were forces "out there." They specialized in how to keep markets happy and reasoned that market-driven growth was good for everyone. But all of this was built on half-truths. First: markets, especially of the financial sort, become forces "out there" if humans construct them, insulate them from public or government oversight, and prop them up when they fail. Left parties in government in the late 1990s and early 2000s, with the input of TFEs, did exactly this. Second: what's good for markets is not necessarily good for families, communities, young people, older people, wage-earners, or victims of discrimination — among others. This is especially true if by "markets" we really mean financial markets. Recent history is proof enough on both of these points.

So what do left parties do if they no longer have a way of responding to their constituencies' economic concerns, but they still want to win elections? They turn to spin: that is, they try to build appeal by marketing rather than substance. This is a sort of functional argument in the book: TFEs represented markets instead of constituents, and created a new need for strategic expertise. But it wasn't enough, and left political coalitions disintegrated.

CB

What have been the electoral consequences of TFEs and strategists, of this new generation of party experts in left parties?

SM

In short: disastrous. Left politics has to speak for actual people, not a fictional ideal-type "mainstream" or "median" voter. Left parties' turn to markets, spin, and strategy is a symptom of a failure of meaningful representation. Voters know the difference between marketing and substance:

sooner or later people see the game for what it is, and they lose faith. I think recent history is proof enough on this, too.

CB

You seem to indicate in your book's conclusion that what Western left parties need are a new generation of party experts capable of giving voice to the voiceless and acting as intermediaries between parties of the Left and those they are supposed to represent. What kind of party expert do you hope replaces TFEs, political strategists, and policy wonks?

SM

This is the big question, isn't it? The short answer is that left politics needs experts who make spin unnecessary. Left politics should have intuitive appeal because it speaks to people's real needs and concerns.

That said, I don't think new experts will magically cure the ills of left politics. Nor is it my place to say who the next left party experts should be. I think that party experts can be anyone — and maybe, in the current moment, left parties should be dedicating their resources to playing the long game by radically broadening the profiles of the people we consider "experts."

But I will say this: it is absolutely essential that left parties cultivate people's ability to understand, and critically engage with, the structure and logic of contemporary financial capitalism. I think Alexis de Tocqueville once said that you have to "educate democracy." I would give this a Marxian twist: you have to educate capitalist democracy. There can be no left politics without a shared understanding of today's specific economic circumstances, which are not like the circumstances of the 1930s or the 1970s. We live in a complicated world that is dominated by finance and holders of financial wealth, and this world needs to be unmasked.

And, to be honest, I'm skeptical that the contemporary economics professions can lead the way here, because they operate "on high"— they speak a highly specialized language that is designed to be exclusive, not inclusive; they are constrained in the kinds of questions they can ask and the techniques they can use to answer them. So, maybe I should modify my previous statement: left parties should be dedicating their resources to cultivating critical economic analysis and radically broadening the profiles of the people we consider "economists."

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## **Chase Burghgrave**

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