

individual capitalists and investor groups but from the juggernaut that is the inextricably entangled mass of global capital. Such a role could only come about under a change in the worldwide correlation of class and social forces in favour of popular and working classes. Yet mass socialist and worker movements, although they are burgeoning, are weak compared to the 1930s.

A proto-fascist Right appears as insurgent. This Right seeks to fuse reactionary political power with transnational capital, to organize a mass base among historically privileged sectors of the global working class, such as white workers in the North and middle layers in the South, that are now experiencing heightened insecurity and the spectre of downward mobility. The proto-fascist response to the crisis involves militarism, extreme masculinization, racism, the search for scapegoats (such as immigrant workers in the United States and Europe) and mystifying ideologies. The need for dominant groups around the world to ensure widespread, organized mass social control of the world's surplus population and of rebellious forces from below gives a powerful impulse to a project of twenty-first-century global fascism. Images in recent years of what such a political project would involve have spanned the Israeli invasion of Gaza and ethnic cleansing of the Palestinians, to the scapegoating and criminalization of immigrant workers and the Tea Party movement in the United States, genocide in the Congo, the US/United Nations occupation of Haiti, the spread of neo-Nazis and skin-heads in Europe and the intensified Indian repression in occupied Kashmir.

The counterweight to a twenty-first-century fascism must be a coordinated fight-back by the global working class. Mass unemployment, foreclosures, the further erosion of social wages, wage cuts, furloughs, the increased exploitation of part-time workers, reduced work hours, informalization, and mounting debt peonage are some of capital's mechanisms for transferring the cost of crisis onto the mass of popular and working classes. Will popular sectors manage to forge a social solidarity of the oppressed, the exploited and the subordinate majorities across ethnic and national lines?

David Cameron's Tea Party

Richard Seymour

While 'Tea Party' rebels agitate for the return of 'Austrian' principles in the USA, the Conservative Party under David Cameron is actually implementing these principles in the UK. Without prefacing their agenda with the hysterical red-baiting characteristic of the Tea Party, the Tories argue that their spending reductions are not ideologically driven but are necessary because of New Labour's fiscal profligacy.

The biggest cuts in absolute terms will be to welfare and council spending. Lower housing benefits will drive most of the poor out of the south of England by 2025. Reductions in social housing funding will triple the cost of rent for new council tenants. Libraries will be closed, street repairs stopped, and services for the young and elderly terminated. Already, the NHS, supposedly spared cuts, is feeling the strain with fewer staff working longer hours. Schools will have 40,000 fewer teachers. With tuition fees potentially rising to £9,000 a year, higher education is finished for many working-class

children. Half a million jobs will be shed in the most unionized sector of the economy. We will have longer working lives, less money to live on, fewer educational opportunities, and less support when we are ill or unemployed.

This is not just a drive for a 'smaller state'. As Stefan Collini wrote of the higher-education reforms recommended by Lord Browne, which include removing 80 per cent of government funding for teaching: 'This is more than simply a "cut", even a draconian one: it signals a redefinition of higher education and the retreat of the state from financial

responsibility for it.'¹ In fact, the Tories are trying to radically reinvent British capitalism and the state's role in it, taking it further along neoliberal lines, eviscerating the last unionized bastions of British society, gradually privatizing outposts of collectivism, and redistributing wealth and power from working people to the rich.

Why is the government prepared to undertake such a risky project? The Tories had worked extraordinarily hard to shed their reputation as 'the nasty party', which had left them with a base of just over 30 per cent of the electorate. Cameron's socially liberal leadership barely succeeded in raising this above a third of the vote, winning back just a fraction of the skilled workers and middle-class professionals lost since the early 1990s. To undertake policies now that will punish millions of those hard-won voters seems reckless. One explanation is that, as in the mid-1970s, the Tories' hegemonic position is already in trouble, and they are gambling on restoring their lost position by re-engineering society to create a more conservative electorate.

In the Marxist idiom, the Conservative Party is a 'bourgeois party' – a party whose purpose is to wage political struggles on behalf of the ruling class, into which it is integrated. Such formations are unstable because they must compete in an electoral system numerically dominated by the working- and middle-classes. Since 1867, the Tories have had to find ways to motivate growing numbers of middle and working class people to vote for them. Embracing the new science of polling after the devastating election defeat of 1945, they focused on building their base among the lower middle class and skilled workers. But since the 1950s, when they tended to gain just shy of 50 per cent of the vote, their base has been gradually narrowing. In the mid-1970s, their vote was lower than 40 per cent for the first time in the postwar era. The revival under Thatcher was fragile, based on between 42 and 44 per cent of the vote. But since the ERM crisis, the Tories have rarely gained support higher than the low 30s. If this secular trend is not halted and reversed, then the Conservative Party's usefulness to the capitalist class, members of which dominate its leadership, will be severely undermined. Thus the cuts can be seen as a gamble on both the future of British capitalism and the Conservative Party's role in it.

Hayek in the UK

Consider Mrs Thatcher's project. Thatcher took office with British capitalism in crisis. The corporatist state built by previous administrations depended upon healthy revenue streams. According to the bastardized Keynesianism that informed official practice, the state should be the instrument of economic expansion. During recessions, it could borrow to invest, creating jobs and growth, and thus producing the source of its future revenue streams. Stagnation could, *pace* Wilson's 'white heat of technology', be overcome by corporatist expansionism. By the late 1970s, however, public spending projects



failed to produce the desired expansion, instead only contributing to inflation – the dual phenomenon known as ‘stagflation’. Most of the expansionist projects had failed, and Britain’s relative economic decline continued. The ‘winter of discontent’ proved that corporatism could not contain labour’s wage claims. Having evinced scepticism about Thatcher’s leadership, which looked like the nucleus of a UKIP-style middle-class protest party, capital turned to the Conservative Party.

Thatcher’s remedy was based on the neoliberal ideology that had been germinating in the chrysalis of social democracy. Economic planning, the Tories now said, was impossible in a free society. To plan production and consumption, it was necessary to plan people’s lives. This was absurd and had proven to be unworkable. The Tories would restore capitalist freedom, dismantling the corporatist institutions of planning, collective bargaining and incomes policy. Cheap money would be replaced by sound money, and the rentier would be revived. This was continuous with a strain of Conservative thinking going back to Oliver Lyttelton and Winston Churchill in the immediate postwar period, but it was directly inspired by the political philosophy of Friedrich Hayek.

Hayek championed an authoritarian liberalism first fashioned by the radical Right in the interwar years to meet the challenge of mass democracy. A consistent theme in this thought is the need to abbreviate democracy. Hayek did not prefer despotism, arguing that representative democracy had certain technical advantages. However, as he explained while visiting Chile in 1981, he preferred liberal dictatorship to democracy lacking all liberalism. His late writings on government recommended devolving all fundamental decisions to an infrequently elected upper chamber, with a small electorate, while the lower chamber would be entrusted only with technocratic resource allocation. In his endorsement of General Pinochet, he showed the influence of Ludwig von Mises, and of his apparent nemesis Carl Schmitt. Both had a grounding in the liberal tradition, were galvanized by battles with the Left, and eventually endorsed counter-revolutionary dictatorships to conserve the kernel of liberal social relations (capitalism).

As both William Scheuerman and Renato Cristi have argued from different perspectives,² Hayek’s critique of welfarism and social democracy was strikingly similar to Schmitt’s critique of the party-political state. Both Hayek and Schmitt believed that social democracy enmeshed the state in a network of special interests that vitiated the universality of law, upon which a free society depended, undermined economic efficiency, and compromised the state’s autonomy. Public choice theorists would later express this idea in market-based language, maintaining that democracy incentivized clientelism, in which public servants offer favours to special interests, and budget-maximizing behaviour by bureaucrats. To remedy this, they recommended capping budgets, privatizing services where possible, and introducing reforms to make the state



more like the market. Thatcher's administration put these ideas into practice, taking great risks both with the Conservative Party's long-term ability to act as a hegemonic party, and with the state's ability to maintain public order.

Rentier revived

The first years of the Thatcher government were characterized by public spending cuts amid a deep global recession. As a result, the government was divided and unpopular. Even a historically devastating split in the Labour coalition in 1981 didn't seem to be helping, as the newly minted Social Democratic Party ate as much into the Tory vote as it did into Labour's. By the middle of 1982, however, the situation had changed in the Conservative Party's favour. Revenues from North Sea oil had helped cushion the blows felt from the global recession, which was by then coming to an end. The government's popularity was recovering, and its base was heartened by the assertion of British imperial interests in the Falklands. This enabled Thatcher to further restructure relations between capital and the state, labour and the state, and capital and labour. A new neoliberal statecraft was pioneered. The state's role was no longer to create growth but to ensure that the microeconomic conditions existed for the private sector to expand. The macroeconomic priority was to contain inflation, which meant containing wages. Welfare was cut as far as politically possible, utilities privatized, and the public sector remodelled along market lines, with internal competition in the NHS and 'competitive tendering' in local service delivery. Huge budgets were entrusted to unelected quangos. With the big battalions of the labour movement defeated in the fields of Orgreave and the streets of Wapping, the institutions of social democracy were compelled to adapt to this new order. Parliamentary democracy was thus partially insulated from the claims of the working class, and New Labour was born.

Finally, the rentier was revived. The City was deregulated, and housing was rationed. Property prices boomed, which meant that consumption could be supported by households borrowing against the value of their property. This invested a large enough number of people in the new status quo to give the Tories a viable political constituency – even if it stored up problems for the future. Prior to the 2007 credit crunch, debt expert Ann Pettifor warned of 'the coming First World debt explosion' on account of the spiralling levels of household debt created to maintain consumer spending in the previous two decades.³ Even after the crisis hit, by 2009 total private sector debt was £750 trillion, or 540 per cent of GDP – a time bomb that threatens to devastate any growth formula adopted by any future government. But the extent of financialization across the economy, with incomes as well as profits in servicing and manufacturing sectors dependent on stock market values, means that any government will be reluctant to address this. Instead, the Tories will advance the Thatcher revolution. The pretence that this has to do with New Labour's overspending is flimsy. New Labour was obsessed with fiscal credibility, reducing government debt at a faster pace than any since the Second World War. But beneath it is a serious analysis. The productive base of British capitalism can no longer sustain even the reduced welfare state inherited from Thatcher. If capital is freed from the taxes needed to foot this bill, while also invited to profit from public services, the Tories hope that a new phase of private-sector growth will ensue. That in turn will benefit enough people to create a viable political constituency, while weakening opposition forces, and making the new order irreversible. Another generational shift in wealth and power will have been effected.

Notes

1. Stefan Collini, 'Browne's Gamble', *London Review of Books*, 4 November 2010, p. 23.
2. William E. Scheuerman, *Carl Schmitt: The End of Law*, Rowman & Littlefield, Lanham MD, 1999; Renato Cristi, *Carl Schmitt and Authoritarian Liberalism: Strong State, Free Economy*, University of Wales Press, Cardiff, 1998.
3. Ann Pettifor, *The Coming First World Debt Crisis*, Palgrave Macmillan, Basingstoke, 2006.