

# **Austeritarianism reveals the limits of neoliberalism**

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**This text takes the present situation as its starting point and considers the possible sequels to neoliberalism, understanding that it is possible to move beyond it and that the future is not predetermined.**

Two major upheavals have occurred; they will have dramatic consequences. The financial, economic, and social crisis of 2008 shook the global system to its foundation; the current pandemic and climate crisis accentuates imbalances and opens a contradictory future.

The financial and social crisis of 2008 demonstrated the limits of neoliberalism; the response to it has been a return to the status quo with an evolution towards austeritarianism, combining austerity and authoritarianism. This response has been applied to the flood of protests and insurrections following that crisis, since 2011, in more than fifty countries.

The second upheaval is the crisis of the pandemic and climate, demonstrating the fragility of the system. It modifies perspectives. It puts forward imperatives, the issue of health and the climate and ecological emergency. It shows the scope of economic, social, geopolitical, and ideological contradictions. It modifies the system of contradictions that will characterize the future.

The austeritarianism imposed after the crisis of 2008 has been perpetuated as the only possible solution to the present crisis. It remains the dominant strategy for dominant forces to regain control. It is the first stage of the future. Austeritarianism is the historical endpoint of neoliberalism confronting this crisis.

To understand it, we will review the history of neoliberalism, bearing in mind the question of its crisis and of the possibility to move beyond it. To consider possible futures, we will examine the development of the contradictions provoked by the crisis of neoliberalism.

The short 20th century, from 1914 to 1980, was characterized by two world wars, two revolutions (Soviet in 1917, Chinese in 1949), and a bipolar world from 1945 to 1989. It experienced various forms of capitalism. The end of the 19th century was characterized by the structuring of large economic and financial groups and the transition from competitive to monopolistic capitalism.

To respond to the 1929 crash, in 1934 Roosevelt established the New Deal, a Fordist and Keynesian development model. But this model was not applied until 1945, after WWII. It involved significant social concessions. After the war, it would be adapted to afford a place for newly independent countries. In the late 1970s a new phase of capitalism emerged: neoliberalism.

Neoliberalism is a response to decolonization and the social concessions of the Keynesian/Fordist model. After the mid-1970s economic recession, a new concept of development would emerge in the 1980s. The neoliberal model defines the policies of structural adjustment. It was first imposed, through the debt crisis, on the Global South, before being adapted and generalized for all societies.

Structural adjustment involves structurally adjusting every economy and society to the global market.<sup>1</sup> Free trade forbids restricting imports and emphasizes the need to export. Multinationals must be able to invest where and when they want, and are free to extract their profits. The logic is simple: the market is self-sufficient and no other regulation is needed, certainly not economic regulation by the State. Structural adjustment imposes a new philosophy of development. It reduces the State's role in the economy, prioritizes exports and thus brings about frenzied exploitation of resources, opens unregulated international trade, prioritizes international investment and privatization together with flexibility of and pressure on wages, reduces public systems of social security, reduces budget expenditures considered unproductive (i.e. health and education), and devalues currency. Lending to the Global South preceded the debt crisis. Debt management and structural adjustment were political weapons to bring the Global South "back in line." This economic offensive did not preclude military intervention. The crisis of decolonization—of its first phase, State independence—was opened.

The forty-year push of the right and far-right began with a battle for cultural hegemony around several offensives. The first offensive was against rights and particularly equality; against solidarity, by imposing racism and xenophobia; and upholding securitarian ideology as the only possible response to insecurity. The other offensives involve the police and military; multiplication of wars and instrumentalization of terrorism; generalization of the gig economy; and the subjection of tech industry to the logic of financialization.

Starting in 1989, in the battle for cultural hegemony, Francis Fukuyama's "The End of History?" claimed that it was impossible to move beyond capitalism and that those who opposed it were deviants; Samuel Huntington's *The Clash of Civilizations* postulated a new necessary enemy: Islam. The attacks on New York and Washington in September 2001 accelerated the neoconservative turn towards securitarianism and xenophobia.

## **The financial crisis of 2008 and the imposition of austeritarianism**

The financial crises of 2008 confirmed the hypothesis of the exhaustion of neoliberalism and the fragility of financial capital. The United Nations established a commission suggesting a Green New Deal. Currently, a hardening neoliberalism has prevailed.

Starting in 2011, the popular response was to protest. Dozens of popular movements in dozens of countries sent millions of people into the streets. The Arab Springs of Tunis and Cairo; the Indignados in Spain; Occupy movements in London and New York; Chilean students; Taksim Park in Istanbul; the Carré Rouge in Quebec; umbrellas in Hong Kong; "ordinary people" in New Delhi ... Everywhere the same rallying cries: refusal of poverty and inequality, rejection of discrimination; freedom and refusal of repression, democracy to be reinvented; ecological urgency. Everywhere, a new demand, refusal of corruption, rejection of the fusion of the political and financial classes, which voids the autonomy of politics and brings about popular mistrust of political institutions and actions.

In 2013, neoliberal arrogance rises again. The dominant policies of austerity and structural adjustment are reinforced. Destabilization, war, violent repression, and the instrumentalization of terrorism manifest in all regions. Reactionary ideological trends and far-right populism are more and more active. Radical racism and nationalism nourish demonstrations against foreigners and migrants. They take specific forms such as libertarian and evangelical neoconservatism in the United States, far right and national-socialist movements in Europe, armed jihadi extremism, oil-producing countries' dictatorships and monarchies, Hindu extremism, etc. In 2013, counterrevolutions began with the rise of racist,

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1 AITEC, « Le FMI ou comment s'en débarrasser », *Archimède et Léonard Cahiers N°1*, 1989.  
CADTM, [www.cadtm.org](http://www.cadtm.org)

securitarian, and xenophobic ideologies. Neoliberalism hardened its domination and reinforced its securitarian character with repressions and coups d'état. Social and citizens' movements find themselves in a defensive position.<sup>2</sup>

It is crucial to fully understand the consequences of a period of counterrevolutions. This is a period of several conservative counterrevolutions: the neoliberal counterrevolution, the counterrevolution of old and new dictatorships, that of evangelical conservatism, that of Islamic conservatism, and that of Hindu conservatism. But there is another reason for the situation: the fear of an emerging new world. Trump in the United States, Bolsonaro in Brazil, Orban in Hungary, Modi in India, and Duterte in the Philippines are its snarling faces.

We must examine these new monsters and the reasons for their emergence. They are supported by the fear around two principal, complementary vectors: xenophobia and hatred of foreigners; racism in all its different forms. We must emphasize a particular offensive taking the form of islamophobia; after the fall of the Berlin Wall, "Islam" was cast as the principal enemy in the "clash of civilizations." This situation results from an offensive carried on consistently over forty years by the far right to conquer cultural hegemony.

Austeritarianism was imposed. Neoliberalism does not seek to persuade; it claims the conjunction of austerity and authoritarianism. It adopts the shock tactics so well described by Naomi Klein: go to the furthest extreme of violence to crush all resistance. Nearly twenty years after the fall of the Wall, neoliberalism abandoned its reference to freedom. It no longer seeks to convince, only to prevail. Austeritarianism establishes the limits of neoliberalism as a stable system.

The battle for cultural hegemony goes on. The situation is not confined to the rise of far-right positions; it is marked by the permanence of contradictions. The structural crisis includes five major contradictions: economic and social, with social inequalities and discrimination; ecological, with the destruction of ecosystems, limited biodiversity, climate change, and the endangering of the planetary ecosystem; geopolitical, with decentralized wars and the trend towards a multipolar world; ideological, with the questioning of democracy, and xenophobic/racist outbreaks; political, with the corruption arising from the fusion of politics and finance, which nourishes mistrust towards politics and abolishes its autonomy, challenging the forms of representative democracy.

## **The pandemic and climate crisis**

The pandemic crisis is not a parenthesis, it is a rupture.<sup>3</sup> It is clear that recurrent pandemics are in store for us. What we have experienced is no accident. The pandemic is only one aspect of the rupture. COVID-19 is not merely the cause of the rupture and major discontinuities. It is more than revealing. It is linked to the ecological emergency, the climate emergency, and dwindling biodiversity; it has accentuated our awareness of ecological rupture. Climate, biodiversity, and species coexistence put in question the relationship between the human race and Nature. This is a resetting of philosophical parameters.

Climate and pandemic indelibly set out several major contradictions. They reset our way of considering all the dimensions of social transformation. First, from lockdowns to surveillance, the response to the pandemic has confirmed austeritarianism: authoritarianism in State health management, renewed austerity with the acceptance of an explosion of social inequality. The conjunction of the COVID-19 health crisis and the climate emergency demonstrates the global system's loss of resilience.

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<sup>2</sup> Gustave Massiah, « Stratégie des mouvements et projet d'émancipation », *Le Monde Diplô Brésil*, March 2016.

<sup>3</sup> Gustave Massiah, « Le rôle des pandémies et du climat dans la crise de civilisation », *Revue Les possibles*, June 2020.

We must be aware that we are at the beginning of a long transition, which will experience accelerations and will not be linear. The situation revealed by the pandemic impels us to reflect on historical ruptures and continuities. The hypothesis of discontinuities cannot be set aside. A crisis of civilization leads to upheavals that some may call collapse; this term characterizes processes and does not imply succumbing to millenarian fears. The fall of the Roman Empire was not the end of the world. What some today call collapse may also be the preparation for a new civilization. It is not the end of the world.

## Possible futures

Possible futures include at once the strengthening of austeritarianism, the generalization of wars, and alternatives leading to emancipation. Two great possibilities will therefore coexist and confront each other.

The first is the strengthening of austeritarianism, regaining control through shock tactics. We will see more of the same, or worse, that is, the rise of regimes based on racist, xenophobic, and securitarian ideologies supported by one part of the population which, out of fear, give in to conservative, reactionary rhetoric. Authoritarian neoliberalism will probably come out of this stronger than ever, with the risk of the triumph of dictatorial neoliberalism.

But, on the other side, resistance will be equally strong. Protests will multiply, demonstrations, uprisings. In 2019, a study found that forty-seven countries, a quarter of the world total, had had large-scale, often insurrectional, social movements that year. Iraq, Algeria, Sudan, Hong Kong... The changes that sustained these movements were already underway before the pandemic hit. The movements of 2011, filled with hope and change, were stifled by repressions beginning in 2013. But they reemerged with new movements like Hirak (Algeria). They were restrained by the pandemic, but they did not disappear. They are only waiting to reemerge.

And then, there is what Antonio Gramsci said. In his *Prison Notebooks*, he wrote: “The old world is dying, the new world struggles to be born, now is the time of monsters.” There we are: there are the monsters, the old world is dying, where is the new world?

There are at least five major changes preparing the new world.<sup>4</sup> The first is the revolution in women’s rights, which challenges thousand-year-old social relationships. Like all revolutions, it has produced violence. The second great shift is the ecological rupture, which goes far beyond the question of climate alone, and includes biodiversity and endangered species. It is a philosophical revolution overthrowing completely the way we understand the world. The third great shakeup is digital and biotechnological. With the online world, the health issue, and biotechnologies, new forms of domination and exploitation appear, such as Big Tech and Big Pharma; but there is also a revolution in spoken and written language. The fourth revolution has to do with planetary demographic change, which raises the question of aging population and intergenerational coexistence, education and societies, and the structural role of migrations.

It is worth emphasizing the fifth revolution, that of the second phase of decolonization, one of the structuring elements of the evolution to come.<sup>5</sup> The hypothesis already laid out is that decolonization is not complete and that it is one of the key questions for the future. In Bandung, in 1955, the demand was loud and clear: “States want their independence, nations their liberation, and people their revolution!”

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4 Gustave Massiah, « Un nouveau monde qui tarde à apparaître », October 2016.

5 Immanuel Wallerstein, *L’universalisme occidental, de la colonisation au droit d’ingérence*, Éditions Demopolis, 2008.

The first phase of decolonization, State independence, has been achieved. It has shown its limits. The shape of the world map is moving, but the core issue is the evolution of the nature of States. The relationship between States and nations is to be examined. In several countries the question of multinational States has been raised. The question of multiple identities as they relate to national identity is being considered. The question of incomplete decolonization remains central in the questions of racism and discrimination. Also under consideration is the nature of States, through the debate over decoloniality, which puts into question the permanence of forms of formerly colonial States, and the nature of societies, through the debate over intersectionality, which examines the nature of relationships between classes, races, and genders.

The battle against the cultural hegemony of neoliberalism, financial capitalism, and austeritarianism is underway and with it the reexamination of individualism, inequality, and discrimination. This rupture will not be easy. The alternatives will take different forms in different regions. The conjunction of the pandemic and the climate crisis validates, in a way, the alter-globalist movement; it also pushes for a renewal of the movement so as to take into account the evolution of the situation. The alter-globalist movement emphasizes that the response to neoliberal globalization must unfold at every level; local, national, in each geo-cultural region, and worldwide. The answer is not nationalism. It is internationalism and alter-globalism. It is the construction of a possible and necessary other world, in the full meaning of the term, which must be the object of worldwide consideration.