



September 2020

The Death of Neoliberalism

Contribution to GTI Forum [After the Pandemic: Which Future?](#)

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In response to the cataclysm occasioned by the coronavirus, three lines of thinking are emerging, corresponding to three [GTI scenarios](#): Market Forces, Policy Reform, and Great Transition.

One line of thinking holds that, although the emergency necessitates extraordinary measures, the basic structure of production and consumption is sound and the problem lies in determining the moment when things can return to “normal.” This is the dominant opinion among political and business elites.

Another response is that we are now in the “new normal,” and while the global economic system is not significantly off-kilter, important changes must be made to some of its elements, such as redesigning the workplace to accommodate the need for social distancing, strengthening public health systems, and even moving towards a “universal basic income.”

A third reaction sees in the pandemic an opportunity for transforming a system ridden with deep economic and political inequalities and ecological destabilization. The imperative is not to accommodate a “new normal” but to decisively move toward a qualitatively new economic system. In the Global North, the needed transformation is often articulated in the form of demands for a “Green New Deal” marked by significant socialization of production and investment, democratization of economic decision-making, and radical reductions in income inequality. In the Global South, proposed strategies stress the opportunity offered by the pandemic to tackle deep-seated economic, social, and political inequalities.

This Time is Really Different

The first two perspectives downplay the possibilities for radical change. The tacit assumption is that the popular response will be much like that during the 2008 financial crisis with people feeling dislocated but with no appetite for radical change. This view is mistaken.

Crises do not always result in significant change. It is the synergy between an objective condition (i.e., a systemic crisis) and subjective reaction (i.e., psychological response) that is decisive. The global financial crisis of 2008 was a profound crisis of capitalism, but the subjective condition of popular alienation from the system had not yet reached a critical mass. The boom created by debt-financed consumer spending left people, while shocked by the crisis, not deeply alienated from the system itself.

Things are different today. The level of discontent and alienation with neoliberalism was already very high in the Global North before the coronavirus hit, owing to the establishment's inability to reverse the decline in living standards as inequality skyrocketed in the dreary decade that followed the financial crisis. In the US, this period has been perceived as a time of bank bailouts, widespread foreclosures, and large-scale unemployment. In much of Europe, especially in its southern countries, the popular experience of the last decade can be captured in one word: austerity. In much of the Global South, the chronic crisis of underdevelopment under peripheral capitalism, exacerbated by neoliberal "reforms" since the 1980s, has long since shredded the legitimacy of key institutions of globalization like the World Bank, International Monetary Fund, and World Trade Organization.

The coronavirus pandemic, in short, roared through an already destabilized global economic system suffering from a deep crisis of legitimacy. A mass perception of astonishing elite incompetence is connecting to the already deep-seated feelings of resentment and anger.

The global establishment will, of course, try to bring back the "old normal." But there is simply too much anger, too much resentment, too much insecurity. The recent massive fiscal and monetary interventions of capitalist states, though insufficient, have underlined for people what is possible under another system with different priorities and values. Neoliberalism is dying; the only question is whether its passing will be swift or slow.

But What Next?

Only the left and the right are serious contenders in this race to bring about another system.

Progressives have proposed many exciting ideas over the last few decades for a truly systemic transformation. These go beyond the left-wing technocratic Keynesianism of Joseph Stiglitz and Paul Krugman to embrace structural change. Among these radical alternatives are the Green New Deal, democratic socialism, degrowth, deglobalization, ecofeminism, food sovereignty, and buen vivir.

However, these strategies have not yet been translated into a critical mass on the ground. The usual explanation for this is that people are “not ready for them.” Perhaps more significant is that most people still associate these dynamic streams of the left with the center-left. The masses cannot yet distinguish these strategies and their advocates from the social democrats in Europe and the Democratic Party in the US that sought to provide a “progressive” face for the discredited neoliberal system.

In the Global South, left-wing parties’ leadership of or participation in liberal democratic governments led to their discrediting when these coalitions adopted neoliberal measures. The “Pink Tide” in Latin America ran into its own contradictions given its dependence on resource extraction, and communist states in East Asia became state capitalist systems infused with a strong dose of neoliberalism. Once seen as a break with the past, the Concertacion in Chile, the Workers’ Party in Brazil, Chavismo in Venezuela, and the so-called Beijing Consensus are now seen as part of that past.

This unfortunate legacy must be decisively pushed aside if progressives are to connect with and transform the mass anger and resentment now boiling over into a positive, liberating force.

Advantage: Far Right

Unfortunately, the extreme right is best positioned to take advantage of global discontent. Even before the pandemic, extreme-right parties opportunistically cherry-picked elements of the anti-neoliberal program of the independent left. They put the critique of globalization, the expansion of the “welfare state,” and greater state intervention in the economy into a right-wing gestalt. In

Europe, radical right parties, such as the National Front in France, the Danish People's Party, the Freedom Party in Austria, and the Fidesz Party in Hungary, abandoned parts of the old neoliberal program. They proclaimed they were for the welfare state and more protection of the economy from international engagements, but exclusively for the benefit of people with "right skin color," the "right culture," the "right" ethnic stock, the "right religion." Essentially, it is the old "national socialist" class-inclusivist but racially and culturally exclusivist formula. Unfortunately, it works, as shown by the string of electoral successes of the far right that have pirated large sectors of social democracy's working-class base.

Meanwhile in the Global South, charismatic leaders with cross-class appeal, like Rodrigo Duterte in the Philippines and Narendra Modi in India, harnessed discontent with long-time liberal democratic regimes, whose severely unequal social structures belied their democratic pretensions, for authoritarian projects. Their ascent sidelined progressive parties that had either compromised with neoliberalism, were imprisoned in classist paradigms, or were debilitated by sectarian feuds. Now, with containing the coronavirus as an excuse, these authoritarian personalities have tightened their repressive hold on the political system with extremely high levels of mass approval.

...But Don't Count Out the Left

One would be foolish, however, to discount the possibility of a resurgence of the left. History has a complex dialectical movement punctuated by unexpected developments that open up opportunities for those bold enough to seize them. But history is also unforgiving and intolerant of making the same mistake twice. Should progressives again allow discredited social democrats in Europe and centrist Democrats in the US to drag progressive politics back to a new compromise with a dying neoliberalism, the consequences can be fatal.

About the Author



Walden Bello is a professor of sociology at the State University of New York at Binghamton and the founder of the think tank Focus on the Global South. He served in the House of Representatives of the Philippines from 2009 to 2015, before resigning in protest against the administration's policies. He serves on the boards of the International Forum on Globalization, the Transnational Institute, and Nautilus Institute, and the editorial board of the *Review of International Political Economy*. He is the author or co-author of twenty books, including *Food Wars*, *Capitalism's Last Stand?*, *Dragons in Distress: Asia's Miracle Economies in Crisis*, and *Development Debacle: The World Bank in the Philippines*. He holds a PhD in sociology from Princeton University.

About the Publication

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Cite as Walden Bello, "The Death of Neoliberalism," contribution to GTI Forum "After the Pandemic: Which Future?," *Great Transition Initiative* (September 2020), <https://greattransition.org/gti-forum/pandemic-scenario-bello>.

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