

# A rigged economy in a rigged democracy

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Beijing. Late summer 2015. A few weeks have passed since the surrender of Syriza, the Greek anti-austerity governing party. Greece is forced to sign a new memorandum with its creditors and to hold new elections. Despite a crisis that has wiped out 30 per cent of the economy, left over half of the country's youth unemployed and rendered all of the political parties illegitimate, the Greek parliamentary system remains intact. Widespread protest is followed by an orderly vote at the polls and growing apathy and abstention in the streets.

“All of this would have been unthinkable in China” says Zhang Ying, a prominent spokesperson of the Chinese Communist Party. “There is one thing we envy greatly about your democratic system: its resilience. In our country, an economic crisis of such a magnitude and social conflicts of such a scale would have brought a collapse of the system. Instead, you are waiting for the next elections.”

The long years of the European crisis have not passed unobserved. While on the one hand they have confirmed all of the prejudices of the Chinese elite about the inefficiency and short-termism of democracy, they have also demonstrated its capacity to survive prolonged periods of economic collapse and social discontent. This resilience, it should be noted, is absent in authoritarian regimes, which are instead *rigid*, often incapable of adapting themselves to new circumstances and therefore structurally fragile and prone to rupture. In the Middle East, the Arab Spring transformed rapidly into a revolutionary wave precisely due to the incapacity of the political system to insert the demands for transformation that were coming from the squares into a framework of non-violent change. The first meeting of the Politburo after the collapse of the Berlin Wall in 1989 was dedicated, as planned, to discussions of agricultural

reform. ‘Stiffing up’, pretending nothing is going on, using coercion and authority to avoid change can prolong the life of a discredited and unpopular system. But when change comes – as it no doubt will – it will be disruptive and destructive.

By contrast the democratic system appears, at least in principle, highly *elastic*, able to transform the conflict between political parties into a conflict with agreed rules – to *regulate* demands for change, allowing them expression before they reach breaking point.

There is a great body of work describing the profound anxieties of the early 20th century elite that the expansion of suffrage might allow the proletarian masses to take power and upturn the system. It was argument that also resonated among the first Marxists, who imagined that a politically emancipated working class could potentially seize power through democratic means. But the opposite happened. Liberal capitalism used the enfranchisement of workers and the majority of peasants to bring revolutionary fervour and popular rage inside the system. The parliamenterisation of class conflict provided a mechanism for channelling social unrest and gave birth to a new set of policies which, however incompletely, were able to respond to some of the concerns of the weakest in society, ultimately saving capitalism from itself.

Take the United States following the Great Depression of 1929. Roosevelt’s New Deal was the most significant intervention in the economy to that date and marked a significant split with the unfettered and unequal *laissez-faire* capitalism of the 19th and early 20th century. It put a nation back to work, built income support structures and social security, restarted the economy with a fairer distribution of resources and put a halt to the excesses of financial speculation through the separation of commercial and investment banks. It saved American capitalism through a profound transformation of its premises, even at the cost of attacking the privileges of the ruling classes themselves.

We could tell a similar stories for the ‘boom years’, the *glorious thirties* that followed the Second World War. From the ashes of conflict European capitalism transformed once again, giving life to an articulated vision of a welfare state that seemed to indicate a third space between the excesses of liberalism and of communism. It was a period of hegemony for the system born out of the New Deal; a capitalism guided strongly by the public hand, protected by the Breton Woods agreements – which restrained global finance – and which codified important social and labour rights.

The terrible inequality of the first half of the 20th century was outlawed and a new pact between labour and capital brought a new and fairer distribution of the fruits of development. So much so that large sections of the proletariat and peasantry were transformed into the new 'middle class' of advanced capitalism.

Ultimately, these were years characterised by the primacy of *democracy* over *economics*, with policy decisions directly reflecting struggles for social justice, equality and the extension of rights. Parties, mass trade unions, social movements and a high electoral turnout helped to keep power in check, while the threat of the Soviet model put pressure on the ruling class to meet popular demands. It was widely agreed that democratic processes, rather than market forces, should guide economic policy and that full employment and the provision of social protections were the responsibility of the state. It was no *El Dorado*, as the intensity of public protests in those years clearly shows, but it was democracy, with an economic model that worked for the majority and was capable of responding to the will of the people.

Today, this is no longer the case.

### **“Misery acquaints a man with strange bedfellows”**

Faced with the proliferation of openly anti-systemic forces and the increasingly real prospect of the disintegration of the European Union, many have implicitly referred to this prophetic expression from Shakespeare's masterpiece 'The Tempest'. *It's the austerity, stupid!*

Donald Trump's victory disproves those who have tried to maintain that, unlike Europe, the United States has successfully exited from the economic crisis. Yet the signs were there. One might point to the fact that *food stamps*, alimentary assistance for the poorest, almost doubled under Obama's presidency; that the majority of new jobs are those that David Graeber defines as '*bullshit jobs*', repetitive, badly paid and with little social value; that a large part of these are 'fake' forms of self-employment, such as people that work for home delivery services in the gig economy or Uber drivers who work without any contractual guarantees. Yes, unemployment has fallen to a historic low, but only because 90 million Americans have stopped searching for jobs. If these individuals were to be included, the real figure would be over 20 per cent. Meanwhile, unprecedented inequality and the decline of the middle class has undermined social

cohesion, leading to increased violence, an exploding prison population and even decreased life expectancy.

A similar but even more extreme situation can be found in Europe, where growing inequality and the devaluation of work have generated paradoxical effects such as declining living standards even in conditions of economic growth. Just think of Germany, the continent's largest economic power but also the EU country with the highest number of 'working poor.' It is not often remarked upon, but over 20 per cent of Germans live below the poverty line. Or Britain, which despite having monetary sovereignty, and soon perhaps control of its borders, has the highest level of child malnutrition in Europe.

The misery of Southern Europe we know well. If a third of the inhabitants of the world's eighth largest economy and, the second industrial power in Europe – Italy – are at risk of poverty and social exclusion, this means that the system is profoundly dysfunctional. This dysfunction is accentuated by the poor design of the Eurozone, and in turn by the great differences within the European Union. 'Two speed Europe' is visible not only in the asphyxiated economic growth figures but also and especially in the varying life possibilities available for the youngest. The European space was supposed to guarantee freedom of movement and the sharing of intelligence and creativity. But the reality for most looks more like the sad forced migrations of the past than the ideal of the much-lauded Erasmus generation. Indeed, the flux of people across the European space is one of the most powerful symbols of the imbalances of power: it is young people from the South that are moving to the North. This one-way migration creates a huge loss of resources in some countries and, in a tragic, vicious circle, becomes an additional cause of impoverishment in and of itself. In 2016 more than 100,000 Italians abandoned their home country, while countries like Latvia and Romania have lost more than 10 per cent of their populations since the start of the crisis.

There is much that is true in the view that sees the rejection of the establishment – whether that of the European Union or of national elites – as a result of years of shambolic economic policy and of a growing exclusion and marginalisation of increasingly more important sectors of society. The economy is rigged. And in these conditions, demands for *dignity* and *equality* are no doubt central points. But we need to add another element to the equation.

**“You are destined for a great Monday!  
Pity that Sunday will never end.”**

So wrote Franz Kafka in his diaries in a moment of profound melancholy. Today, this line appears to be the only response that the governing elite is able to offer to those arguing for real change. The exit from the ‘*tempest*’ of poverty and exclusion, from a rigged economy that works only for a minority, continues to represent a Monday that will never arrive. What’s offered in its place is the eternal return of the same, a Sunday defined by the status quo, propped up by repression and cosmetic changes: *business as usual*.

If the crisis that erupted in 2007-8 has the dignity of being compared to that of 1929, the same cannot be said of the political response offered by Western democracies. Unfortunately, and despite his many merits, Barack Obama is the most significant example. A few days after his first election, *Newsweek* wrote candidly that the task for the new President would be nothing less than “to lead the conceptual counterrevolution against an idea that has dominated the globe since the end of the cold war but is now in the final stages of flaming out: free-market absolutism.” Obama came to power shortly after the financial bubble burst, on the back of an extraordinary wave of public participation. With a Senate still under the control of the Democrats and the image of the economic establishment in pieces, he had a great window of opportunity to put into act his own New Deal and break with a system in crisis. Instead he chose the old path. He appointed Tim Geithner and Larry Summers to the Treasury, the same individuals who during the Clinton administration enthusiastically removed the last obstacles that were holding back the financial sector, among them the Glass-Steagall legislation, approved by Roosevelt himself and which prevented speculators playing roulette with the savings of the middle class. Instead of fixing the disaster, Obama called for help from the same people that had created it. This was no moral drama of penitence and redemption but the reproduction of the same financial privileges that had brought the world to the brink of abyss. In the words of Tim Geithner, the role of the States was to “foam the runway” for the banks in crisis.

Europe of course is little different. In the course of many years of permanent crisis we have seen the proliferation of various protests, platforms and social movements arguing for a reconfiguration of the

European system. Some of these initiatives have come from parts of the establishment, others from a grassroots level, some are composed of intellectuals and academics, others come from political parties and in a few cases have emerged directly from progressive governments. And yet it has all led to nothing. On the contrary, the direction of travel appears stubbornly wrong, with the economy managed in an increasingly inept manner and the absence of democracy more entrenched by the day.

The result of all of this is that more and more people have lost faith that the European Union can be transformed in a positive manner. Some critics focus on an institutional system that is irredeemably dysfunctional, others on the damaging intransigence of Germany, others still on the intrinsically neoliberal nature of the European project. Some of these voices come from the right, others from the left. But whatever the analysis or political position the conclusion is always the same: the time has come to limit the damage and declare the end of a disastrous project incapable of reforming itself. For many, the experience of the defeat of Syriza by the Troika and Eurogroup was a watershed moment. The enthusiasm with which so many people had participated in and supported the struggle against the politics of austerity was replaced by a widespread feeling of melancholy and hopelessness. Democracy returned from the Athens Spring with broken bones.

The *elasticity* of democracy resides in the capacity of political struggle and the demands of the weakest to produce real compromises and real social changes in institutions and in politics, opening up the possibility of going beyond the failed status quo within the very system that is in crisis. Democracy is a constituent process, capable of redefining the distribution of wealth, power and privilege. Today, however, our democracies are less and less capable of guaranteeing the effective transformation of dissensus into coherent political alternatives. More and more they are the victims of oligarchies that thrive with an extraordinary concentration of wealth and power. Disliked by most, these democracies are becoming *rigid* systems, capable of offering no alternative to the status quo other than their own implosion. The resilience of which Zhang Ying was speaking is disappearing. Is it still possible to create change without rejecting the system in its entirety? More and more people have begun to believe that it is not.

This is why Trump, the Brexiteers and many other of the forces of the new far right have become the symbols of an *exit* from the eternal Sunday of the Clintons, Camerons and Junkers of this world. An exit that doesn't care where the road is leading and which is driven by exasperation at the terrifying mix of authoritarianism and economic failure that characterise Western democracies today: a rigged economy in a rigged democracy. After years in which the act of voting seemed to have become a purely performative act, charged with symbolism but lacking real agency, it is anti-systemic populism itself that has restored seriousness and weight to the electoral ballot. Capable, with a vote in London or Paris, of making Europe tremble; with a vote in Washington of making the world shake. Tragically, it seems that it is the far-right populists to have been the first to have clearly broken the mantra of *there is no alternative* and to have restored an illusion of *sovereignty* and *democracy*.

The real crisis of our time is a democratic crisis. *Change you can believe in* was one of the most famous slogans of the Obama campaign. But those promises of change, in the US and even more so in Europe, have been dashed again and again. The system is entrenched in a failing status quo, incapable of offering real alternatives to the poverty and exclusion of a growing number of citizens. Countless promises of splendid Mondays to come have been wasted without us ever arriving an hour closer. The great clock of democracy appears jammed. Or rigged.

This is no time for despair. Just as the Greek sailors sung by Homer, we know that melancholy and sadness are the first enemies to fight. And that we need to look towards the horizon if we are to set sail again. This is the time to come together and to show that beyond a bankrupt establishment and a rising nationalist international we can open up a third space: a joyous, victorious, future-oriented alliance of all those Europeans that refuse to be mere spectators of the decay of their continent. For every Trump there is a Sanders; for every Le Pen there is an Ada Colau; for every xenophobic movement there are millions on the streets of Europe to say *refugees welcome* and even for every ISIS fighter there is a woman or a man in Rojava building another Syria. Another Europe is not merely possible: it exists already all around us. In the countless municipal movements that are changing the meaning of local democracy from Barcelona to Naples; in the pan-European mobilisation for the commons, against unfair commercial treaties, for gender equality and much more; in the countless

instances of cooperative economies and autonomous spaces; in the new social movements that are rising up to take head on the political challenge, from Podemos in Spain to Razem in Poland and Demos in Romania; in the tens of millions of Europeans who already inhabit a shared continental space by living, studying or working abroad, and in the many more who have children or grandchildren who do so. There are countless numbers out there working to go beyond our failing system without listening for a second to the devil's tune of the xenophobes.

It is time for us to come together in a European mobilisation capable of saving Europe from itself by transforming it. It is time to settle accounts with one democratic deficit that in good part still depends on us to repair: the construction of transnational movements, transnational parties, transnational activism and active citizenship, and the symbolic presentation of such an alliance as a democratic front representing a clear alternative to both the status quo and the sirens of national retreat. The European elections of 2019 should give us a deadline for this to happen by. Yes, the economy is rigged and our democracy is broken and this is when we come together to repair it.