



The end of neoliberal globalisation and the rise of authoritarian populism

Michael A. Peters

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Scanning the headlines a day or so after the surprise of the ‘Brexit’ on 23rd June with 52% voting to leave the EU a number of commentators examined its loaded significance for the neoliberal ideal of globalisation. One such commentator writing for the *Economic Times* suggested:

Brexit heralds not just Britain’s exit from the European Union but the decline and maybe fall of the twentieth century ideal of a liberal, globalised world. It heralds a twenty-first century ethos based on ultra-nationalism and racist xenophobia, blaming foreigners and minorities for all ills, and claiming against all logic and humanism that turning your back on the world will somehow bring back a golden past.¹

Another writing for the Sydney Morning Herald followed with a similar theme:

The economic story of the past quarter century was the rapid advance of globalisation, the unleashing of trade and commerce among countries rich and poor—a McDonald’s in every European capital, “Made in China” labels throughout Toys R Us. The Brexit vote on Thursday ends that story, at least in its current volume.²

Jim Tankersley registers a peak in anti-globalisation sentiment that flows a slowdown in trade growth, the stand-off on trade agreements, the growth of anti-immigration among an anxious working-class, the rise of a populist xenophobia in parties of the Right and endlessly exploited by Donald Trump as presumptive Republican nominee. By reference to the IMF’s Deputy Managing Director David Lipton in a paper ‘Can Globalisation Still Deliver?’ Tankersley raises the question of whether globalisation can show positive results for working-class people.³ The more pressing issue is whether this is a harbinger for Trump taking the White House. As Stephen Collinson puts it:

The referendum campaign—just like the U.S. election—has boiled with populist anger, fear-mongering by politicians, hostility towards distant political elites and resurgent nationalism, and exposed a visceral feeling in the electorate that ordinary voters have lost control of the politics that shape their own lives. Its success raises the question of whether those forces will exert a similar influence in America in November.⁴

With uncanny timing Jonathan D. Ostry, Prakash Loungani, and Davide Furceri (2016), all from IMF’s Research Department, enquire whether neoliberalism has been ‘oversold.’ That the IMF should use this term, once considered notionally abusive and avoided by most economist, ‘neoliberalism’ has broken new ground. Ostry et al. (2016) recount the alleged benefits of neoliberalism thus:

The expansion of global trade has rescued millions from abject poverty. Foreign direct investment has often been a way to transfer technology and know-how to developing economies. Privatization of state-owned enterprises has in many instances led to more efficient provision of services and lowered the fiscal burden on governments (p. 38).

They turn their attention to areas where expected benefits have not materialised:

Our assessment of the agenda is confined to the effects of two policies: removing restrictions on the movement of capital across a country’s borders (so-called capital liberalization); and fiscal consolidation, some-times called “austerity,” which is shorthand for policies to reduce fiscal deficits and debt levels. An assessment of these *specific* policies (rather than the broad neoliberal agenda) reaches three disquieting conclusions:

- The benefits in terms of increased growth seem fairly difficult to establish when looking at a broad group of countries.
- The costs in terms of increased inequality are prominent. Such costs epitomise the trade-off between the growth and equity effects of some aspects of the neoliberal agenda.

- Increased inequality in turn hurts the level and sustainability of growth. Even if growth is the sole or main purpose of the neoliberal agenda, advocates of that agenda still need to pay attention to the distributional effects (pp. 38–39).

Capital account liberalisation has revealed uncertain growth benefits with increasing bouts of economic volatility and crisis frequency. The capital inflow surges—some 150 since 1980—have led to financial crises in 20% of cases and a boom-bust cycle. Ostry et al. (2016) directly question the high cost-to-benefit ratio of capital account openness and they also question austerity as a means of curbing and paying down public debt. Both openness and austerity are associated with increasing income inequality that may also undercut growth prospects.

Inequalities had been further exacerbated by privatisation policies and governmental load-shedding so that now social provision has been whittled away and consumerised. Thomas Piketty (2013) in an academic blockbuster argued that that inequality is not an accident but rather an endemic feature of capitalism that can be reversed only through state intervention and will threaten the democratic order unless capitalism is reformed. *Capital in the Twenty-First Century* analysed economic data sets to develop his formula explaining economic inequality: $r > g$ (meaning that return on capital is generally higher than economic growth). 'Economic inequality is not new, but it is getting worse, with radical possible impacts.'⁵

Neoliberal globalisation—the target of so much Left critique over the Reagan-Thatcher, Bush-Blair, and some would say, Obama-Cameron, years—seems now on the back foot, both in the US under Trump, and also in Europe with the emergence of the Alt-right and the likes of Marie Le Pen, leader of the National Front in France, Geert Wilders in the Netherlands, Nigel Farage and the UK Independence Party, Heinz-Christian Strache in Austria and the Vlaams Belang Party in Belgium, to name a few. Right-wing populism is on the rise. It is fiercely anti-immigration and anti-integration, often associated with neo-Nazis and white supremacist groups. It commonly assumes a kind of authoritarianism and anti-liberal stance towards rights, and while it appeals to the 'common man' (*sic*)—sometimes explicitly anti-women and anti-feminist—it paradoxically nevertheless does not subscribe to the notion and practice of equality. The far-right is anti-pluralist and anti-democratic believing in the strong state and an authoritarian populism. Right-wing populism has strong links with elements of the far-right not only in terms of ethnocentrism, xenophobia and anti-immigration stance but also over traditional and social conservative values concerning heterosexuality, the patriarchal family, the subordination of women and cultural minorities, often combined with fundamentalist Christian values. Economically, as is evidence in the raft of Trump's executive orders, there is a strong tendency toward protectionism and an isolationism in foreign policy.

Trump's election has unleashed 'a new offensive against academia'⁶ and universities are already feeling the effects of Trump's travel ban on their application numbers. Even with a new policy on travel ban placed on six countries, mostly Muslim, it seems clear that international students in US universities will be severely curtailed. Many US universities and universities around the world have been outspoken against the discrimination of Trump's immigration and travel-ban policies.

Trump's ascendancy is also bad news for US and world science with the disappearance of governmental science websites such as the White House pages on climate change and the likely curtailment for alternative energy science funding.⁷ Various publications have complained that the president's view on science are shockingly ignorant.⁸

At the level of schooling Trump is on record saying he may cut the Department of Education⁹ and his appointment of Betsy DeVos¹⁰ indicates an education agenda that will boost Charter schools, defend the ideology of school choice, support the radical Christian orthodoxy to advance private religious schools, and rethink the necessity of the Common Core. Other elements on the agenda include vouchers, greater teacher accountability, more student debt, and an attack on America's public schooling system with a commensurate downsizing of the Department of Education. Many educators are worried about the future of liberal arts colleges and STEM education, and the undermining of teaching about evolution and climate change.¹¹ CBS reports Trump as saying: 'As your president, I will be the biggest

cheerleader for school choice you've ever seen,' he said, promising that in his White House 'parents can home school their children.'¹² We face the end of the liberal era of schooling—the end of educational equality—and a reassertion, especially as Trump's presidency unfolds, of less government involvement and the endorsement of socially conservative values.

Notes

1. See Swaminathan S Anklesaria Aiyar <http://economictimes.indiatimes.com/news/international/world-news/brexit-may-mean-end-of-globalisation-as-we-know-it-stormy-days-lie-ahead/articleshow/52909952.cms>.
2. See Jim Tankersley, <http://www.smh.com.au/world/us-election/britains-brexit-just-killed-globalisation-as-we-know-it-20160626-gps0js.html>.
3. For other similar accounts see Don Lee <http://www.latimes.com/business/la-fi-brexit-globalisation-future-20160624-snap-story.html>; Larry Elliott who writes: 'The age of globalisation began on the day the Berlin Wall came down. From that moment in 1989, the trends evident in the late 1970s and throughout the 1980s accelerated: the free movement of capital, people and goods; trickle-down economics; a much diminished role for nation states; and a belief that market forces, now unleashed, were unstoppable.' He argues that Britain rejection of the EU is 'a protest against the economic model that has been in place for the past three decades' <https://www.theguardian.com/business/2016/jun/26/brexit-is-the-rejection-of-globalisation>; Joseph Murray talks of 'Ebd of New World Order' <http://www.breitbart.com/london/2016/06/23/brexit-signals-end-new-world-order/>; Nelson D. Swartz and Patricia Cohen head their joint piece 'Brexit' in America: A Warning Shot Against Globalisation http://www.nytimes.com/2016/06/26/business/economy/for-america-brexit-may-be-a-warning-of-globalizations-limits.html?_r=0; Vassilis K. Fouskas writing for Open Democracy before the vote suggests: 'British voters on June 23 may also decide the future of globalisation/financialisation. If Britain votes to leave the EU, globalisation may be over, and with it an era in history' <https://www.opendemocracy.net/can-europe-make-it/vassilis-k-fouskas/brexit-real-threat-to-globalisation>.
4. See <http://edition.cnn.com/2016/06/24/politics/us-election-brexit-donald-trump-hillary-clinton/>
5. See <http://ideas.ted.com/thomas-piketys-capital-in-the-twenty-first-century-explained/> and https://www.ted.com/talks/thomas_piketty_new_thoughts_on_capital_in_the_twenty_first_century?language=en
6. See <http://www.universityworldnews.com/article.php?story=20170113164552838>
7. See <https://arstechnica.com/science/2017/01/have-politics-trumped-science/>
8. E.g. <https://www.scientificamerican.com/article/trump-comments-on-science-are-shockingly-ignorant/>
9. <https://qz.com/898530/in-just-one-week-as-president-donald-trump-has-wreaked-unparalleled-havoc-on-american-education/>
10. See Secretary DeVos at 2017 Conservative Political Action Conference, C-Span <https://www.c-span.org/video/?424394-101/betsy-devos-delivers-remarks-cpac>
11. <https://www.scientificamerican.com/article/trumps-first-100-days-science-education-and-schools/>
12. <http://www.cbsnews.com/news/where-donald-trump-stands-on-education/>

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- Ostry, J., Loungani, P., & Furceri, D. (2016). Neoliberalism: Oversold?, Finance and Development, Vol. 53, No. 2, at <http://www.imf.org/external/pubs/ft/fandd/2016/06/ostry.htm>
- Piketty, T. (2013). *Capital in the Twenty-First Century*. (A. Goldhammer, Trans.). Cambridge, MA, Harvard University Press.

Michael A. Peters
University of Waikato

 michael.peters@waikato.ac.nz