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## The “Bankruptcy” of Liberalism and Social Democracy in the Neoliberal Age: A Response to Ronald W. Cox

### Abstract

Daniel Skidmore-Hess writes a response to an earlier Perspectives article written by Ronald W. Cox titled "[The Bankruptcy of Social Democracy and Liberalism in the Neoliberal Age](#)," Volume 3, Issue 1. Cox then responds to Skidmore-Hess in a follow-up Perspectives article.

### Keywords

Party Polarization, Polarization, Neoliberalism, Corporate Power

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Ronald Cox is correct in his identification and analysis of the shortcomings of liberalism and social democracy in the neoliberal age (CRCP, volume 3, issue 1). Although I will argue that a theoretical category or metaphor other than “bankruptcy” would better serve to elucidate the problems that neoliberalism poses for progressives. For it is not so much the case that the policy agendas of U.S. reform liberalism and its European social democratic cousins were depleted of their assets. Far from it! Their agendas were never completed. In virtually every significant issue area from health and education to housing, environment, trade, labor, not to mention civil rights, campaign finance, or military/security policy one can identify a myriad of reform liberal/social democratic ideas that are both popular and practical. Single payer health care, increased minimum wages, paid leave for caregivers, tuition-free post-secondary education all enjoy broad public support and their implementation would more than likely actually serve to promote long term growth and productivity in the U.S. economy. Yet the likelihood is that the next Democratic President and Congress will make little progress in these areas, while quite likely make regressive moves in other areas such a financial regulation and national security policy. The reason being that in the neoliberal age, Democratic and Social Democratic governments now pursue policy agendas designed to please corporate and financial elites. The current effort of a “Socialist” government in France to implement a rollback of labor rights is at once the most dismaying example and the most illustrative that the broad mass left remains resilient and capable of militant resistance.

Rather than accounting for assets that are not actually missing or non-existent liabilities, left analysis should begin by noting the absence of modern reform liberalism and social democracy as governing ideologies as we once knew them. The policy agendas of liberal and social democratic governments have always contained significant shortcomings such as acquiescence (or even outright support) for neo-imperialist foreign policy, under-regulated trade and finance regimens, and less than tepid support for labor rights, in many instances. However, since the 1970s the rhetoric and indeed the reality center-left governments is no longer about constructing “cradle to grave” social security systems, talk of “rupture” with capitalism is never heard, indeed the “social” part of “social market” economy is subordinate in “third way” neo-liberalism. Cox describes all this correctly and provides a lucid outline of the political economy of the shift to neoliberal hegemony. But this is precisely the necessary point of departure; *neoliberalism is something different from reform liberalism and social democracy*, it is different in ideology and in program, even when it occupies the transmuted shell of political parties and other institutions that may have once pursued relatively progressive reform agendas. As ideology, neoliberalism represents the triumph of market logic and the increasing assumption that market mechanisms are not just necessary but superior modes of allocation, no more than that, that markets are the only possible sources of value. In a neoliberal world, if the market fails the victim is blamed as illustrated for example in U.S. financial crisis, the result in neoliberal rhetoric of bad behaviors rather than failure to curb the dangers that poorly regulated financial markets almost always exhibit.

As Cox well describes, neoliberalism is historically connected to the rise of transnational capital and the restructuring of global capitalism in the wake of the crises of the early to middle 1970’s. As a program of governance, neoliberalism gains ground through a myriad of methods. In the U.S. the privatized campaign finance system provides ready and direct access for transnational capital to invest in both major parties to assure favorable policy outcomes. In the

realm of ideology, as Cox again describes, neoliberal ideas are produced and disseminated through think tanks, foundations, influencing the media, the academy, producing a new “common sense” of the neoliberal age. False assumptions of the inherent advantage of deregulation that have already met reality in the form of Great Recession but will no doubt live on so long as that systemic crisis can be attributed to simple greed or, more bizarrely, the government’s efforts to encourage private home ownership. More research needs to be done here, comparatively to understand how neoliberal hegemony functions in countries that enjoy public or semi-public campaign finance, within supranational entities such as the European Union, the IMF, and the World Bank, and how it is intellectually responding to the crisis. We also need to note that popular reform liberalism and social democracy are not bankrupt, they have rather been displaced from elite positions they might have once held.

There is irony in the timing of Cox’s article, it was published in 2015 when the Sanders campaign was little more than a faint hope. In 2016 and for the first time since 1980 (the year is no coincidence) a major party presidential candidate emerged who gives a full-throated advocacy for progressive social reform, more so, he explicitly and identifies as a “democratic socialist.” One might question that moniker to be sure, but the mere fact that he does so is remarkable, one can hardly think of a more direct way to rhetorically challenge neoliberal hegemony. Dare we hope that his 12 million plus primary and caucus votes and the large and enthusiastic crowds indicate a rising progressive tide? At the very least they indicate that there is a great number of people who think that reform liberalism, by whatever name you call it, is not bankrupt at all but is the electoral vehicle of their hopes, interests, and aspirations.

The “democratic socialism” of Bernie Sanders does not appear to have harmed his electoral performance, indeed it may be contributing to a new vogue for socialist ideas among his younger supporters. To his credit he has adhered to this self-definition throughout a long and highly successful career as activist and officeholder. When scrutinized, Sanders socialism does not seem to contain much if anything that is not also the provenance of U.S. reform liberalism. One if hard pressed, for example, to think of a Sanders position that is distinct from those of the late George McGovern, for example. In his discourse, Sanders often references the “democratic socialism” of the Scandinavian countries by which it seems what is most clearly referenced is their comprehensive social welfare systems with an emphasis on universal health coverage and free education at all levels. But the Nordic model is not only about the politics of redistribution of national income, it contains structural features that include organized labor power in the sphere of production. When campaigning in West Virginia, site of so many past, recent, and entirely avoidable deaths of miners, Sander could have invoked social democratic practice. Unionized miners in the U.S. do not have the legal means to protect themselves, even to the point of shutting down an unsafe worksite that their Swedish counterparts enjoy. On a broader front, Sanders notably failed to broaden his base beyond young, educated, mostly white, and relatively affluent liberals. African American and Latino, that is to say predominantly working class, voters stayed with the “establishment” and very much neoliberal camp and have overwhelmingly supported Clinton. Workplace safety is certainly an issue that Sanders could and should have raised here and also his references to “free college” contains a classism that the candidate seemingly fails to notice. It should be all post-secondary educational options, including public technical and vocational schools.

Cox also discusses neoliberal’s emphasis on and embrace of identity politics. What distinguishes a neoliberal from a neo-conservative is that the former seemingly embraces

diversity and multiculturalism while the right does not. After all, both now embrace deregulation, free trade, and global projections of U.S. military power, although they may disagree on specific means and methods. What is “liberal” then becomes support for the inclusion of women and racial-ethnic minority group members in business, government, and academia; recognition of the rights of same sex couples and the interests of LGBTQ people. In practice, however, neoliberalism has notable shortcomings; draconian criminal justice policies along with the rollback and repeal of social services for the poor are racist in effect if not intent. Yet we must note as well that the traditional left has had many shortcomings when it comes to inclusion. Yet, I would argue that there is a difference to be spelled out between a neoliberal and a progressive social democratic approach to politics. Neoliberalism ultimately values diversity as asset, as the goal of the seeing the exemplary individual “break the glass ceiling” and thereby gain the opportunity to contribute her diverse perspective at an elite level. As such, diversity becomes commodity in a neoliberal framework. By contrast, social democratic practice at its best works to de-commodify large areas of social life and in so doing provides a groundwork for social solidarity. A universalized, de-commodified system of health care, housing, or education is no longer subject to the dynamics of inclusion/exclusion. The classic social democratic tradition is by no means bankrupt, to the contrary it is the necessary resource of resistance and revival in the face of neoliberalism and the future of progressive political alternatives.