

There are alternatives to the neoliberal blind alley! Towards a new progressive consensus

by *João Antônio Felício*

In its *Working for the Few*¹ briefing paper, Oxfam has called attention to a worrying trend: the wealth of 1% of the world's richest people is equivalent to a total of US\$ 110 trillion – 65 times the total wealth of the poorer half of the world's population. In the last 25 years, wealth has been increasingly concentrated in the hands of a few; leading to a tiny elite owning 46% of the world's wealth. An aggravating factor in this situation is that this wealth is mostly from profits derived from capital, property and assets, rather than from wages, as French economist Thomas Piketty recently showed in his outstanding book, "Capital in the Twenty-First Century". A large number of highly profitable businesses are often under-taxed – an unacceptable trend across stock markets around the world. Ultimately, this contributes to economic inequality and creates a new *Belle Époque*, in which the social mobility of the working class is severely limited by the system of "patrimonial capitalism".

The price of inequality

The growth of inequality is not free from impact. As well as being questionable from a moral standpoint; it has serious economic consequences: inequality reduces consumers' purchasing power and demand, putting limits on the sustainable economic growth encouraged by the domestic market and bringing risks to advances in poverty reduction. Furthermore, the perpetuation of inequality in today's capitalism, where the upper class controls the economy in an almost hereditary fashion, ends up establishing a glass ceiling that makes the social mobility of the less favoured classes impossible. Piketty unmasks a recurring statement in conservative discourse: the differences in income are justified by the merit of exceptionally talented individuals who lead large companies (super managers).

On the contrary, Piketty states that economies are controlled by family dynasties, they are empires handed down from father to son, often regardless of talent and merit (or work!).² This situation causes a sense of profound injustice for those who invest in a Sisyphean job without managing to significantly improve their wages, while having to witness dismissals and cuts in benefits because of "difficult circumstances", and watching the managers at the top still go to work by helicopter and be transferred to new posts with insanely high compensation.

The old promises of neoliberalism

This feeling of injustice found a powerful outlet in the protests in reaction to the economic and financial crisis. The population is disappointed with political responses based on old neoliberal prescriptions: demanding cuts in "excessive state expenditure", advocating for a tiny, condensed State, cuts in social investments, privatisation of public services, wage, pension and un-

employment benefit squeezes and reducing investments in health and education. The rebirth of the old prescription pushes countries towards recession and offers little comfort to the 27 million unemployed in the EU, including a significant number of young people. The advocates of austerity say "let's press forward; we need to swallow bitter pills now to achieve prosperity". Prosperity for whom? The same concepts that caused the crisis are now supposed to contribute towards salvation: tax advantages and incentives to production for large companies for competition sake, and state guarantees for banks too big to be accountable for their strategic business errors. This policy burden is shouldered by workers, who have to pay the price and "tighten their belts".

The Occupy movement went to the streets to denounce the "dangerous imbalance" created where the population has to pay for the whims of finance capitalism. It gave a voice to the anger and despair of the 99% who are tired of staying below the glass ceiling and paying the debts created by wrong policies. Even with this demonstration of popular discontent, the rating agencies and the mainstream media (like The Economist, the Financial Times, Der Spiegel and El Mercurio) continue to advocate neoliberalism as a solution. Even worse, they are on a veritable offensive against states that attempt to follow a different route, refuse the neoliberal recipe and work towards developing a more responsible, cooperative and egalitarian response to the crisis.

Inequality is not a divine gift

The rise of the extreme right in Europe shows us that this attempt to disqualify the responses of the left without offering other solutions is dangerous. This new right is taking advantage of the wave of popular discontent to push their nationalist agendas. But inequality and social imbalance are not resolved nationally in today's globalised and interconnected economy, and certainly not with reactionary responses of isolation.

There is some good news in the current debate that has been gaining momentum. Inequality is not an inevitable by-product of globalisation or the free movement of labour, capital, goods and services, or of the technological changes that favour better trained and educated salaried workers. Public policies can play a decisive role in defining the direction of development in a society. They can favour a more egalitarian redistribution of wealth, tax reform promoting progressive taxation and a tax on property. They

can promote decent work and equal opportunities regardless of gender, colour, class or sexuality. They can make use of instruments to facilitate political and economic participation by a broader section of society. In short, they can define and promote social, economic, environmental and political sustainability.

However, in order to achieve changes in the system, interests and powers will have to be shaken up and will only be possible with a wide-ranging and strong commitment by the social forces of the people: social movements, the student movement, organised workers, NGOs, feminists, environmentalists, human rights activists, progressive academics and economists, alternative media... In short, we must dialogue with the many elements of society and deal with this political and ideological struggle for a development project that values wealth distribution and labour, with respect for human rights and a reduction in the gross inequalities that characterise our current social reality. Building these alternatives and coalitions is also an important challenge for the international labour movement.

Trade unions and the building of alternatives

We live in a globalised world, where resistance against the withdrawal of rights is hitting all nations. In the same way that capital and the great powers define their interests beyond all borders, the labour world also needs mechanisms to hold this confrontation, and to exert political pressure on the United Nations (UN), the WTO (World Trade Organisation), the G-20 (group of 20 wealthiest countries in the world) or the ILO (International Labour Organisation). The labour movement must leave its niche among organised workers and open itself up to a wider perspective on the problem. How do we deal with the challenges of informal work and how do we organise workers? How do we position ourselves before transnational companies as a global workers' movement? How do we organise the interests of the whole of the working class and build alliances to advocate for systemic political reforms – such as those related to taxation, taxes on property and guaranteeing rights in an international context? Basically, how do we build a strategic plan for a wider struggle, to design and communicate alternatives to neoliberalism and pressure for a change of direction in politics?

Latin America suffered from the misleading ways of neoliberal policies in the 1980s and 1990s – more so than any other continent. It faced hyperinflation, privatisation of state-owned companies and essential services, unemployment and economic instability. However, the hard times made the left and particularly the workers' movement aware that strong alliances among actors of the progressive camp are required in order to fight the neoliberal majority discourse. Only in this way is it possible to build robust, convincing alternatives. This cooperation of the progressive camp prepared some fertile ground for a change in power in our region and has opened a window of opportunities to think about alternatives for dealing with the neoliberal philosophy with a new logic, integrating the economic, social, environmental and political dimensions.

It is no wonder that Brazil's reaction to the 2008/9 crisis was based on a return to public investments and social dialogue. The alliances arising from the struggles of the 1980s and 1990s facilitated this dialogue and opened doors for unions in the context of a more socially sensitive government. The establishment of a national policy to add real value to the minimum wage was a victory for Brazilian unions and for the unity of all the labour congresses, whose pressure led to this policy today being guaranteed by law.

The Development Platform for the Americas (PLADA) of the Trade Union Confederation of the Americas (TUCA) is another good example of the influence of a strategic union policy. Built collectively in consultation with the grassroots, PLADA aims to present a proposal for overcoming the structural imbalances in the region, furthering the transformations achieved in recent years by emancipatory political projects. It will be a platform to organise and mobilise counter-hegemonic forces for the construction of a democracy in which the great majorities will be able to express themselves both via their representatives and through participatory mechanisms.

What is needed at an international level is nothing short of a new progressive consensus that brings together unions, social movements and the left – all those who dare to propel a policy that truly faces up to historical inequalities and creates a society with equal opportunities, where prosperity is shared amongst all and not only a few. With the International Trade Union Confederation (ITUC), the international labour movement can and should be the vehicle for preparing these agendas and convergences. The last congress in Berlin was a good start and showed the united spirit of the working class in fighting neoliberalism and austerity policies. Let's rev up those engines!

¹ (<http://www.oxfam.org/sites/www.oxfam.org/files/bp-working-for-few-political-capture-economic-inequality-200114-en.pdf>)

² These economic elites make little space for others to be upwardly mobile, and live in fear of the working class becoming conscious, questioning the elites' privileges and looking closely at exactly who is calling the shots behind important political decisions (for example, against a law that guarantees decent work, reduces employment flexibility or increases the minimum wage for young workers).

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