

UK elections: The collapse of neoliberal myths*

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The spin doctors of neoliberalism and social-liberalism (i.e. of neoliberalism with a social democratic face) were back in the limelight last week as a result, mainly, of the British elections. Despite some —mainly rhetorical—deviations, the job of neoliberal, as well as social-liberal, spin doctors is to propagate the hegemonic ideology of capitalist neoliberal globalisation, (the ‘benefits’ of which every country in the world could enjoy by striving to become an ‘economic miracle’ like China or India) and, directly or indirectly, of political globalisation which is managed by the transnational elite .

In Britain, the ‘truths’ fabricated by the spin doctors of Blairite social-liberalism about the war in Iraq and the ‘strong economy’ that Thatcherite neoliberals and Blairite social-liberals have supposedly created in the last quarter of a century or so collapsed long ago, and the results of the last elections have simply confirmed this collapse. Thus, the blatant lies about the causes of the ‘wars’ and embargoes, which have destroyed Iraq at the cost of the lives of hundreds of thousands of its citizens, alarmed many more millions of people in Britain and around the world. Particularly so, since Thatcherism and Blairism can be blamed not only for the criminal wars they have launched against Iraq, Afghanistan and Yugoslavia, but also for:

- The huge growth in inequality over the past two decades whereby the richest 1 per cent has seen its share of national income double from 6.5 to 13 per cent, while the wealthier half of the population now owns 95 per cent of marketable assets, (compared with 93 per cent in 1997 —the year when the Labour party’s social-liberals succeeded the Conservative party’s neoliberals, after 18 years in opposition)^[1]
- The effective destruction of the historically strong manufacturing industry which has resulted in the worst trade gap since records began,^[2]
- The transfer of many manufacturing activities and, increasingly, of services to China’s and India’s ‘economic miracles’ with their disreputable conditions of work and wages, while the supposed ‘elimination’ of unemployment by Blair and his Chancellor Gordon Brown —who has been designated by the social-liberal establishment as the future leader of the party—hides, in reality, the creation of a massive reserve army of part-time labour and low-wage highly exhaustive work,^[3]
- the number of homeless families in Britain reaching 100,000 for the first time, more than doubling the 1997 figure^[4]
- the Association of British Surgeons accusing the social-liberals that the accelerating privatisation programme set in motion by them is progressively dismantling the National Health Service,^[5] and
- the fact that Britain is, today, the third most expensive country in the world for study.^[6]

It is not, therefore, surprising that most British voters in last week's elections either abstained or did not vote for the two parties which express the neoliberal and social-liberal wings of the political spectrum respectively and which have been adopted by the ruling elites. The Conservative and Labour parties, despite the massive support they enjoyed in all the mass media, only just managed to attract 42% of the electorate between them. Thus, the abstention rate, which reached a record level of 41% at the 2001 elections and slightly fell to 39% in the 2005 elections (versus 30% in 1997) —mainly because of the introduction of postal voting which led to several irregularities— was greater than Labour's 36% share of the vote, which amounts to less than 22% of the electorate, a record low in British electoral history!^[7] A clear condemnation of what passes as 'politics' and 'democracy' today was given by a pre-election poll which showed that only 31% of the first-time voters surveyed were sure that they would vote, compared with 38% in a similar survey in 2001. Asked why, 32% said they could not be bothered, 30% said they did not believe their vote would make a difference, and around 20% said they did not know enough about politics^[8].

In this context, it would be interesting to note that a well known professional politician and ideologue of neoliberalism, who served in several right-wing governments in Greece and has lately joined the Greek social-liberal party (PASOK) to secure his election as an independent MP, personally attacked me as a "well known enemy of economic freedom",^[9] because of my views on neoliberal globalisation.^[10] However, it is preposterous indeed for the well known enemies of equality, who arbitrarily (and conveniently for the elites) rend freedom apart from equality, to accuse as enemies of economic freedom those who propose economic democracy, i.e. the power of the *demos* in the economic sphere which institutionalises equality in the distribution of power at all levels^[11]! No wonder they find no problem in adopting the present globalisation which has led to the richest fifth of the planet's population sharing between them 86% of world income,^[12] at the very moment when four out of the six billion residents of this planet struggle to survive on less than two dollars a day, unable to cover even many of their basic needs.^[13]

According to the same neoliberal critique, "neoliberalism essentially means three political directions: the drastic reduction of taxes, the curtailing of public spending and the shrinking of the public sector in general». Given that I have always maintained that neoliberalism does indeed imply the latter two policy directions, the real issue is whether it also implies a reduction in taxes. However, as I showed in my article on neoliberal globalisation,^[14] what neoliberals and social-liberals have done is not cut taxes in general, but just direct taxes, particularly to the extent to which they affect the highest income groups. This has been achieved by a far-reaching reduction of the 'progressiveness' of the tax system through a drastic cut of the highest income tax rate from 60% —or even 70%— to around 40%, and a parallel increase in indirect taxes which, being imposed on spending rather than on income, have been hitting the lower income groups particularly hard.

Thus, in Thatcherite Britain the income tax rates were indeed cut drastically between 1980 and 1994, but these cuts were accompanied by a significant rise in indirect taxes leading to a rise in the total tax revenue as a percentage of GNP from 30.6 to 31.9 (correspondingly, in the Reaganite USA, this proportion increased from 18.3 in 1980 to 18.5 in 1994)^[15]. The same trends are noticed in the Blair/Clinton regimes which succeeded them. Thus, between 1990 and 1999, total state revenue has gone up in Britain from 36.1 % of GDP to 36.4% (the corresponding rise in the USA was from 18.9% to 20.6%)^[16] but, while direct

taxes as a percentage of total current revenue have increased by 2.5%, indirect taxes have increased by 11% (the corresponding rises for the USA were 8% and 33% respectively)^[17] No wonder that in Britain the top fifth in the earning scale pay a smaller proportion of their income in tax (34 per cent) than the bottom fifth (42 per cent)!^[18]

* This is based on an article which was first published in the fortnightly column of Takis Fotopoulos in the mass circulation Athens daily *Eleftherotypia* on 14/5/2005

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- [1] John Kampfner, "The word New Labour dare not utter," *The Observer* (29/8/2004).
- [2] Charlotte Denny, "Trade gap worst since records began," *The Guardian* (10/3/2004).
- [3] see e.g. the study by LSE researchers Richard Dickens, Paul Gregg and Jonathan Wadsworth, *The State of Working Britain (2001)* and the relevant article by Heather Stewart "The hidden army," *The Guardian* (19/11/2001).
- [4] Jamie Doward, "Homeless families hit crisis levels," *The Observer* (18/7/2004).
- [5] Robert Lane, "The NHS is being dismantled", *The Guardian* (21/4/2005).
- [6] Amelia Hill, "Top-up fees will make UK second most expensive place to study," *The Observer* (8/5/2005).
- [7] Alan Travis, "Government's record low share of vote and system's bias fuel reform demands," *The Guardian* (7/5/2005).
- [8] Laura Smith and Tania Branigan, "Two-thirds of first-time voters care about key issues, but still will not vote," *The Guardian* (3/5/2005).
- [9] see A. Andrianopoulos, "The bogey of neoliberal globalisation," *Eleftherotypia* (29/4/2005).
- [10] T. Fotopoulos, "[The neoliberal myths about globalisation](#)," *ID Newsletter* #11 (21 March 2005).
- [11] T. Fotopoulos, *Towards An Inclusive Democracy* (London/New York: Cassell/Continuum, 1997), chs. 5-6.
- [12] UN, *Human Development Report 1999*, p. 3.
- [13] Biatzio Bosone, executive director of the World Bank, *Eleftherotypia* (21/04/05); see also T. Fotopoulos, "The neoliberal myths about globalisation".
- [14] *Ibid.* fn. 5
- [15] World Bank, *World Development Report 1996*, table 14.
- [16] World Bank, *World Development Indicators 2002*, table 4.11.
- [17] *Ibid.*, Table 4.13.
- [18] John Kampfner, "The word New Labour dare not utter".