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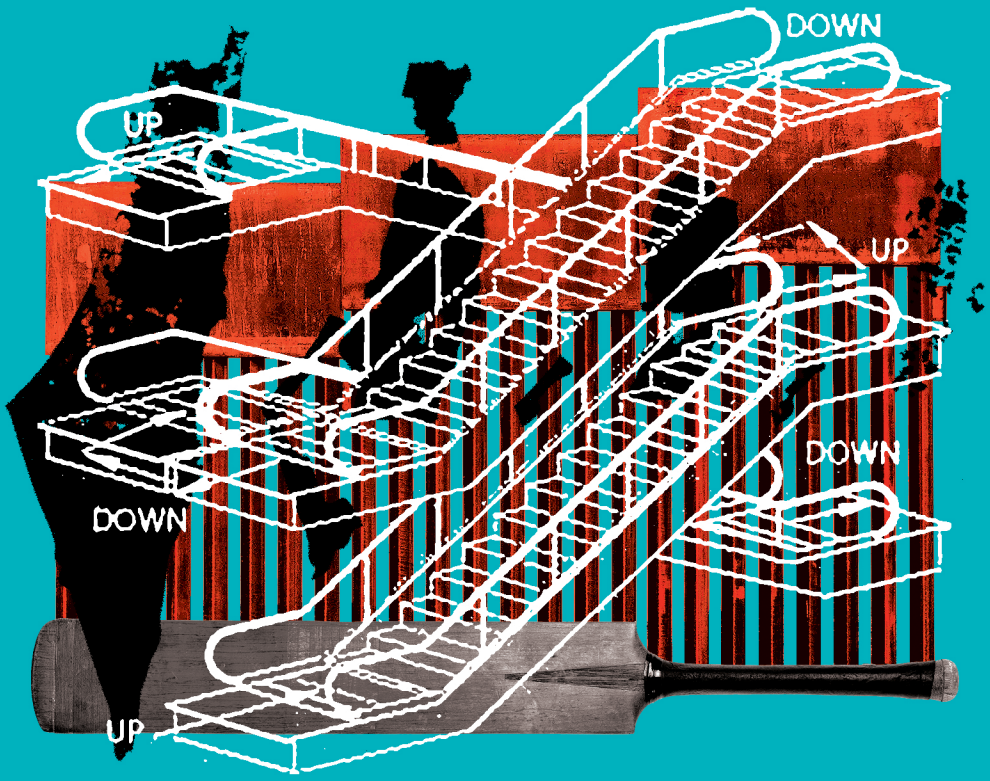

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Editorial

Perhaps no subject is more explosive in global politics today than immigration. For the Right, the issue has been something like manna from heaven. As social democracy continues its retreat, increasing working-class anxiety has provided fertile ground for far-right parties. In the United States, Donald Trump has staked his electoral fortunes on an anti-immigrant platform, continuing his embrace of it even after a humiliating retreat on his government shutdown. The Left, for its part, understands the significance of the issue, but is hesitant. On the one hand, it is clear that falling in line with the Right's anti-immigrant stance is both immoral and self-defeating. But on the other hand, we are unsure how to acknowledge the real economic anxieties of working people, without supporting a restrictive immigration policy.

In this issue of *Catalyst*, we tackle both dimensions of the problem. In the opening essay, Suzy Lee argues that any effective strategy on immigration has to be rooted in the material interests of immigrants as well as the domestic working class. But whereas most analyses based

on this premise call for immigration restrictions, Lee forcefully argues that a restrictive policy actually *undermines* workers' economic interests. She then builds a powerful case for an open borders policy, not out of a moralistic desire to "do the right thing," but because this is the most effective way to rebuild the working-class movement.

Oliver Nachtwey and Loren Balhorn take up the other horn of the dilemma — the shrinking welfare state and the increasing precariousness of employment in the advanced countries. They focus on Germany, the anchor of the continental economy and the most important player in the European Union. As they show, social-democratic institutions in Germany have been under pressure from its capitalist class for over two decades, in particular since the reunification with the East. Unable to stanch the bleeding, the Social Democratic Party has gone from being the largest working-class party in Europe, to an amorphous "people's party," now courting irrelevance.

But Germany is just one instance of a continental phenomenon. In a review of Chris Howell and Lucien Bacarro's important new book on European labor relations, Daniel Kinderman summarizes their account of how the institutions that once protected working-class interests are now used to subordinate them to employer power. The result is a system in which employers and managers now call the shots. But who really has power within this dispensation — the managers or their bosses? Nicole Aschoff reviews the most recent work of French economists Gérard Duménil and Dominique Lévy, in which they suggest that the new managerial class no longer serves capital, but has in substantial measure displaced it. Achoff questions whether Duménil and Lévy have made a successful case for this argument.

From the advanced capitalist world, we then turn to the South. Umair Javed examines Imran Khan's recent victory in Pakistan's national elections. While Imran has been much celebrated in the West as perhaps signaling a tilt away from the military and toward civilian power, Javed cautions against any such conclusions. He shows that the ex-cricketer's ascension has been adroitly managed by the army itself, in concert with

the country's economic elites. And finally, Faris Giacaman reviews a spate of recent books on Israel and Palestine. It is now just over fifty years since Israel drove into the West Bank and Gaza and established its power over those regions. Giacaman examines three books focused on the occupation, arguing that any effective analysis has to understand the aggression as a natural expression of Israel's colonial project, not a departure from it.

The abolition of borders is a basic socialist principle, but the Left has shied from claiming it as a modern policy for strategic reasons — the fear that large increases in migration flow will provoke a nativist backlash. While it might have worked in previous eras to support immigrant rights while also agreeing to strict limits on immigrant flows, the political economy of contemporary capitalism makes this combination impossible today. On the other hand, a call for open borders based on appeals to morality and liberal values will not attract workers motivated by economic concerns. This essay shows the possibility of a strategy calling for open borders and immigrant rights based on workers' material interests, not just moral pleas.

THE CASE FOR OPEN BORDERS

SUZY LEE

The politics of immigration poses one of the most important challenges to the US left today. While the public discourse, with demands for a wall or the panic over a migrant caravan, may be hyperbolic, it only sharpens venerable themes that have structured the debate for a half-century: a nativist movement that sees immigration as a cultural and economic threat, set against an immigrants' rights movement that argues for a more inclusive and liberal orientation. In that time, immigration reform has been a constant on the legislative and policy agenda. Major revisions to national immigration policy were enacted in 1965, 1986, 1990, and 1996.[1] Bills on comprehensive immigration reform have been passed by at least one house of Congress, and publicly debated with the support of the sitting president, at least once a decade since 1996.

1 No legislation on immigration was enacted in the 1970s, but the political debates that led to the 1986 legislation began in this decade. The 1986 legislation was shaped largely by recommendations of the Select Commission on Immigration and Refugee Policy (SCIRP), appointed under President Carter.

Despite all this legislative activity, how little has actually been accomplished on the issue is evident in the fact that, for the past forty years, the two major parties have negotiated and renegotiated variations of the same deal. That deal is built around a public discourse of the proper administration and management of migration, with the goal of identifying and admitting hard-working, civic-minded, morally upright immigrants while sorting and keeping out those prone to violating laws (including immigration laws), terrorist activity, or dependence on public benefits. Each round of negotiations involves Democrats and Republicans trading pro-immigrant policies, such as an amnesty for undocumented immigrants or the expansion of immigration in some form, for programs to increase border security and immigration law enforcement, and increase penalties for violations of the immigration law.

While under some conditions, repeated negotiations represent movements towards a mutually acceptable solution, in this case, the window for compromise seems to shrink with each round. Comparing the reform bill passed in 1986, the Immigration and Reform Control Act (IRCA), with the present-day debate gives us a sense of how much ground has been lost. The IRCA was structured in much the same way that modern immigration bills have been — increased militarization of the border and criminalization of unsanctioned entry are exchanged for some form of immigration expansion and/or amnesty for undocumented migrants. The IRCA's amnesty provision, however, can be distinguished from more recent incarnations not only because it passed, but because it was much more inclusive than anything considered politically feasible by the major parties today: it was offered without restrictions on age, employment history, or education, to all undocumented immigrants who could prove continued presence in the US for the five years preceding the IRCA's passage. Today, a blanket amnesty of this kind seems impossible in a political climate where even an amnesty limited to the "Dreamers" — undocumented immigrants who had been brought to the US as children and met education requirements — has failed to pass in Congress.

What is most disheartening about this impasse is that, politically speaking, the coalition opposing nativist policies should have the upper hand. After a history of ambivalence on the question of immigration, the Democratic Party has finally embraced a consistently pro-immigrant policy — supporting a "path to citizenship" for undocumented immigrants, and even offering some carefully worded critiques of the quota system and deportation and detention practices. In this, the party is following major policy shifts in organized labor, which, in 2000, abandoned its general restrictionist stance. Both of these shifts reflect the emerging political power of immigrant constituencies which have both grown in number and become more coherent and militant on the question of immigrant rights. Even capital, which benefits from labor inflows, can ostensibly be counted as part of this coalition.

But then why has progress been so elusive? The typical explanation points to the rise of a far-right nativism, evidenced by movements like the Tea Party and the electoral success of candidates, like Donald Trump, who have employed blatantly racist and nativist rhetoric. This understanding turns immigration into a problem of race, which sees the nativist right not as a fringe movement, but as vocal tip of a more widespread white racial anxiety. Not surprisingly, this has encouraged the immigrants' rights movement to articulate their strategy around humanitarianism and liberal *values*.

The apparent failure of this strategy to stem the growing nativist tide has largely been taken as a sign of the intensity of "white anxiety," and has in turn generated two responses from the Left. The first has been to condemn the nativist forces and dismiss them as a reactionary, backward impulse of a "white working class" soon to be eclipsed by the very demographic changes they fear.[2] The second, while still condemning racism, points to the material underpinning of nativism, and argues that the origins of modern nativism have more to do with neoliberalism, austerity, and the decline of living standards since the late twentieth

2 "Demography is a bitch." (Dan-el Padilla Peralta. 2015. *Undocumented: A Dominican Boy's Odyssey from a Homeless Shelter to the Ivy League*. New York, NY: Penguin Press.)

century.[3] While the second approach has more to recommend it than the first, they share an assumption that the problem of immigration policy is a problem of the American working class — that their racial or economic anxieties are the primary obstacle to more rational and humane immigration policy.

The problem with this assumption is that there is very little evidence to support it. In terms of organized labor, while it is true that the mainstream unions have historically been opposed to immigration and problematic on the question of race, it has been over two decades since major unions like the AFL-CIO have changed their position, initiating drives to organize immigrant workers and advocating for immigrants' labor rights. Even if we cannot say that these positions are representative of the working class in general, there is no other compelling evidence for a widespread anti-immigrant sentiment in the US. Polling data regularly finds that a *supermajority* of Americans report positive attitudes toward immigrants and support policies like the legalization of undocumented immigrants (including majorities of Republicans and Tea Party members).[4] Trump rallies aside, most demonstrations of white nationalism are notable for how easily they are dwarfed by counter-protestors.[5] The question we should be asking, then, is not how to get the working class to be less nativist, but to understand why the national policy so weakly reflects the preferences of the majority for a humane immigration regime.

The answer to a question like this lies where it often does, in the interests and strategies of capital. In most other materially relevant policy arenas, capital sets the limits and constraints on most objectives that workers pursue, given its structural power in a capitalist economy — immigration is no exception to this. Even when organized labor in the

3 Arlie Hochshild, *Strangers in Their Own Land: Anger and Mourning in the American Right* (New York, NY: The New Press, 2017).

4 Pew Research Center US Politics & Policy, "Immigration Action Gets Mixed Response, But Legal Pathway Still Popular," December 11, 2014.

5 Richard Fausset, "Rally by White Nationalists Was Over Almost Before It Began," *New York Times*, August 12, 2018.

US was actively opposed to immigration, the extent to which its policy orientation was translated into policy was always circumscribed by capital's perceived interests and its political clout. This remains true today, when the policies of organized labor and the preferences of workers are more immigrant-friendly.

To properly assess how capital's structural interests impact immigration policy, we need to begin with a conceptual distinction between questions of the immigration *flow* and questions of immigrants' *rights*.[6] There is, of course, a significant overlap and interaction between these two phenomena — the nativist argument against immigrants' rights, for example, is primarily based on the deterrent effect that restricted rights will have on the immigrant flow. Still, the distinction remains useful because the interests of capital and labor with regard to immigration are not monolithic, but often diverge on the questions of flows and rights.

It is correct to say that capitalists, as employers, have a direct interest in the immigrant *flow* as a source of labor. However, their preference is for that flow to be flexible — growing to meet demand during periods of expansion or native labor unrest, but restricted when not needed. Thus, the oft-repeated accusation that the movement for open borders serves the interests of capital is imprecise. Capitalists may prefer the opening of borders to the extent that immigration policy permits large flows of immigrant labor, but they also prefer an immigration system that does not confer many *rights* to these entrants — ideally, immigrants enter under a regime that permits employers to hire them, but with no right to settle or remain if that employment should end, or political rights against employer power, to make claims on the welfare state, or to demand more secure terms of residence. How those competing preferences are balanced is determined by the urgency of employers' labor supply needs. Where this supply is insufficient and immigrant labor is critical, capital has been more malleable on the question of rights, if only to make immigration more desirable to foreign workers. Where and

6 Eytan Meyers, "Theories of International Immigration Policy — A Comparative Analysis," *International Migration Review* 34, no. 4 (2000): 1245–1282.

when capital has other sources of labor — such as an adequate supply of domestic laborers or the option to offshore production — it has been less so, and may even support policies to restrict immigrant flow.

While the waxing and waning nativism of working-class movements may play a role in immigration politics, it is the shifts in employers' dependence on immigrant labor that has set the parameters of the immigration debate at its most fundamental. This is critical because, while in certain historical periods the employer class could be relied upon to support formal immigration because of its dependence on immigrant labor, that dependence is now much diminished. Mechanization and transformation of agricultural production drove this decoupling of capital from immigrant labor in the early twentieth century, which has intensified during the neoliberal era, when globalization, offshoring, and the consolidation of migrant networks that facilitate undocumented entry into the US have changed the labor supply calculation definitively — securing an adequate flow of immigrant labor is no longer a problem for capital. Under current conditions, immigration is most useful for capital as an unresolved problem — a convenient scapegoat for workers' losses during the neoliberal era and an obstruction to labor solidarity.

For its part, the Left has responded to this reality by focusing on the question of rights, on the basic humanitarian concerns of those immigrants who enter the US. On its face, the strategy makes sense. It not only addresses the immediate and obvious problems, but it focuses on that part of the immigration question where the interests of workers are most unambiguous: whatever native workers may fear about the intensified competition from new entrants to the labor market, with regard to the *rights* of the immigrants who enter the US, all workers benefit when those new workers are protected from employer despotism. Defending the rights of labor depends on labor's organized power, and that power is hard to sustain if employers can hold large sections of the working class hostage to worries about their legal status. Focusing on rights also avoids the thornier problem of *flow*, where there has been

a long and unsettled debate about where workers' interests lie. In any capitalist labor market, a liberal immigration regime seems threatening to workers, because any increase in the supply of immigrant labor puts native workers at risk in the short term — by heightening job insecurity or downward pressure on wages. Even if the labor economics research shows that this impact is minimal, for unorganized workers who have few *other* strategies for protecting their economic interests, immigration can loom as a pressing concern. For these reasons, the tendency of organized labor in the US has been to support some sort of restriction with regard to immigration flow, even in the present day, when on *rights*-related questions, like detention or amnesty for undocumented workers, unions have been quite aggressive in supporting immigrants.

But this is a self-defeating strategy. The basic fact is that you can't fight to protect immigrant rights while also unleashing a legal regime against immigrant flows. In other words, it is hard to fence off policies directed at one horn of the dilemma from affecting the other one. Fighting to defend one's labor or political rights becomes more challenging — if not impossible — if you lack the basic right to *be* in the place where you live and work.[7] When the flow of migration itself is minimal that conflict between the right to enter and other rights may not be so conspicuous. However, when the migration flow is significant, and efforts to restrict entry intensify, the legal apparatus that is deployed will always place immigrant workers in a highly vulnerable position in the labor market.[8] Because their right to remain in a country is insecure, these workers are more vulnerable to exploitation and less likely to make claims on whatever rights to labor or political participation they *formally* possess.

Even more importantly, supporting immigration restriction in any form undermines the interests of the domestic working class as

7 Stephanie DeGooyer, Alastair Hunt, Lida Maxwell, and Samuel Moyn, *The Right to Have Rights* (Verso, 2018).

8 Michael J. Piore, *Birds of Passage: Migrant Labor and Industrial Societies* (Cambridge University Press, 1979).

well. Whatever downward pressure is created by an increased flow of immigrants cannot compare with the impact of a draconian rights regime. As we will see in this paper, when we compare the impact that the decline of unions has on workers' welfare with the impact of increased immigrant flows, the latter is dwarfed by the former. A reversal of labor's fortunes depends on a revitalization of labor organizing — but that very organizing is undermined by a restrictive and punitive immigration regime. The labor movement cannot win without immigrant workers, and creating the conditions for immigrant workers to fully engage in struggle requires not only a defense of immigrants' formal rights, but an outright rejection of restrictionism with regard to migration flow.

NEGOTIATING FLOWS AND RIGHTS: A SHORT HISTORY OF CAPITAL AND LABOR IN IMMIGRATION POLICY

Immigration policy in the US can be very broadly broken down into two eras, demarcated roughly by the turn of the twentieth century, and distinguished by the state's orientation towards immigration restriction. The first period, which stretches back to the colonial era, oversaw a generally open regime, in that international migration was largely unrestricted. Some state laws provided for the exclusion of "undesirable" migration — including the poor, and convicts — into their territories, but on a federal level, what legislation existed regarding immigration was focused on stimulating migration or regulating the conditions under which migration occurred,[9] rather than controlling or restricting the flow of migration. The second period, where federal law explicitly regulated the flow itself, began to emerge towards the end of the nineteenth century as immigration law became centralized in the federal government, and more importantly, moved from

9 E.g., Passenger Laws (1847, 1855); The Act to Encourage Immigration (1864); The Contract Labor Law (1885).

the assumption of admission (barring some ground of exclusion) to an assumption of exclusion (unless the migrant specifically qualifies for admission).

When Capital Needed Immigrant Labor

While the historiography around this transition is complex — and includes political and social factors like the consolidation of federal power and a rising backlash against migration from Asia into the Western territories — the extent to which the country's material need for manpower, including an emergent industrial capital's need for labor, drove the relative openness of early American immigration policy is well-established.[10] American capital's dependence on immigrant labor in the nineteenth century is unique among industrializing countries, in that the process of colonization and settlement had resulted in patterns of yeoman farming, rather than feudal agriculture, and thus lacked the reserves of surplus agricultural labor that propelled European industrialization.[11] Domestic population growth could not solve the problem, as the vastness of the Western territory meant that fertile lands were available in plentiful supply to anyone willing to cultivate them for most of the early industrial period.

When we say that capitalists have an interest in immigration today, we mean something different than what it meant in the nineteenth century: mass immigration was not just useful, it was essential to the industrialization and economic expansion that occurred at that time.[12] Between 1820 and 1920, more than 33 million immigrants entered the US,[13] at a time when the nation's total population grew from 9.6 to

10 Aristide R. Zolberg, *A Nation by Design: Immigration Policy in the Fashioning of America* (Harvard University Press, 2006), 130.

11 Zolberg, Alfred Chandler, *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, MA: Harvard University Press, 1977).

12 Stan Vittoz, "World War I and the Political Accommodation of Transitional Market Forces: The Case of Immigration Restriction," *Politics & Society* 8, no. 1 (1978).

13 Sukkoo Kim, "Immigration, Industrial Revolution and Urban Growth in the Unit-

92 million. By 1880, first- and second-generation immigrants represented 57 percent and 64 percent of the country's manufacturing and mining labor force, respectively.[14] This meant that even when nativist movements arose in reaction to these large inflows, they were stoutly resisted and rejected by capital, which not only fought to maintain the country's openness to new immigrant flows, but also lobbied for greater state participation in promoting and facilitating immigration.

Capital required state support not only because immigrant labor was necessary to growth, but because the flow of that necessary labor was not reliable or self-perpetuating. The costs and difficulty of migration, given the technology of the time and the regions from which labor was available, presented a significant obstacle to the immigrant flow. As a result, employers lobbied to block legislation that would increase the costs of migration,[15] while pushing to pass legislation intended to support active recruitment efforts in Europe and Asia. Securing this flow, however, did not necessarily entail the protection of the rights of those recruited immigrants. In the 1860s, for example, the prominent pro-business Whig politician, William Seward, then secretary of state, sponsored An Act to Encourage Immigration, creating a "United States Emigrant Office" which, while not explicitly tasked with recruitment, would coordinate the transportation of immigrants and disseminate information on migration to the US.[16] The law also legalized contract migration and transportation debut, and, so similar were its terms to the colonial-era indenture system, required a disclaimer clause assuring that it did not create "in any way the relation of slavery or servitude."[17] To the extent that the system created by the

ed States, 1820–1920: Factor Endowments, Technology and Geography," National Bureau of Economic Research Working Paper No. 12900 (2007).

14 Charles Hirschman and Elizabeth Mogford, "Immigration and the American Industrial Revolution From 1880 to 1920," *Social Science Research* 38, no. 4 (2009): 897–920.

15 Passenger Laws, supported by nativist groups like the Know Nothing Party.

16 Zolberg, 4, 171–2.

17 The Act to Encourage Immigration (1964) (quoted in *Zolberg*, 172)

Act was less burdensome than formal indenture — debtors were not required to provide labor directly, but could be paid through pledged wages or liens on any land they acquired — it was unsatisfying to the business interests involved in its implementation; they immediately began lobbying for further legislation that would increase creditors' ability to enforce migration debt contracts.[18]

Because the question of rights was secondary to questions of immigration flow, however, rights could be expanded as long as they were consistent with ensuring an adequate pool of immigrant labor. The debates around the Homestead Act of 1862, which was eventually passed to distribute land without restrictions on citizenship, were hampered by concerns that including noncitizens in the Act would harm northeastern industry.[19] The law's passage in 1862 was made possible by a shift in the views of economic elites regarding the impact of homestead land on labor supply; they came to understand that the Act would result in a net increase of labor because "newcomers who aspired to launch farms would be forced to remain in the cities and work in order to earn the wherewithal to do so."[20]

As the labor movement emerged in the 1860s, it generally opposed employers' campaign to formalize systems of contract and bonded labor — in other words, on the question of rights — but was less explicit on the question of the general immigration flow. The nascent labor movement was reluctant to oppose the free mobility of labor as a matter of principle. But it was also true that as long as the major rights-related problems associated with immigration remained confined to contract

18 Zolberg.

19 Earlier versions of the Homestead Act had floundered on the question of whether the availability of land to noncitizens, while encouraging immigration overall, would result in labor shortages for the Northeast. While the ostensible justifications for restricting immigrants' access to homestead lands was a nativist one, nativism also served as a useful cover for an economic motivation: '"Keep the public domain for Americans" was a far better slogan than "Keep enough labor in the East to hold wages down."' Helene Sara Zahler, *Eastern Workingmen and National Land Policy 1829–1862* (1941): 168; Zolberg, 150-1.

20 Zolberg, 151.

labor, stopping the human rights violations associated with contract migration would have the consequence of slowing the migration flow. In other words, this strategy presented no conflict between rights and restriction.[21] Thus, new labor associations like the Knights of Labor or the National Labor Union actively campaigned for the repeal of the Act to Encourage Emigration, and for the outright prohibition of contract labor in 1885 (the Alien Contract Labor Law), both because they opposed the indenture-like relationships entailed by migrant labor contracts *and* because that contract labor was often imported by capital for the purpose of strikebreaking.[22] In this early period, even those laws that were explicitly racially targeted, and so could be read as clearly nativist or anti-immigrant in their intention, such as the earlier versions of the anti-Chinese legislation, were also framed as targeting certain types of migration associated with humanitarian abuses.[23]

Immigrant Labor's Waning Importance for Capital

As the nineteenth century came to a close, a new politics of immigration began to come into view. The continuation of mass immigration despite the prohibition on contract migration began to make clear that labor would eventually have to directly address the tricky question of immigration flow. By the early 1890s, both major labor organizations — including the Knights of Labor and the American Federation of Labor — had begun to push for immigration restriction in general, and not just with regard to contract labor.[24] At the same time, the country's political economy had shifted in ways that decreased the dependence of industrial capitalists on immigrant labor. Fertile frontier lands were

21 John Higham, *Strangers in the Land: Patterns of American Nativism, 1860-1925* (Rutgers University Press, 2002): 49–50.

22 Zolberg, 173.

23 The first pieces of anti-Chinese legislation, Anti-Coolie Law (1862) and Page Law (1875), restricted only the "coolie" trade and prostitution, and not immigration from Asia more generally.

24 Higham, *Strangers in the Land*, 70.

becoming scarcer,[25] mechanization in all sectors, including in agriculture, began to produce a domestic labor surplus, even as employment growth in manufacturing slowed.[26] With these changes, capital became a much less reliable defender of open borders[27] — while few capitalists actually advocated for immigration restriction, many began to indicate their support for nativists' concerns.[28]

These changes paved the way for the "closing of the gates" — which occurred in fits and starts, beginning with mobilization that led to the Chinese Exclusion Act of 1882 and consolidating definitively with the Quota Acts of 1920s, with the imposition of an overall quota, a system of visas, border management, and deportations.[29] The Quota Acts (Emergency Immigration Act of 1921 and the Johnson-Reed Act of 1924) are well-known for the racial order they tried to ensure with the "national origins formula" preferring Northern European settler-stock immigrants,[30] but the question of race was only salient once a consensus had been reached on the question of overall restriction. That capital's acquiescence was key to this consensus is suggested by the timing of the Quota Acts, which did not occur at the beginning of labor mobilization for restriction, but thirty years later, only after World War I had clearly tested, and established, the country's independence

25 Beginning in the early 1900s, Congress passed a series of amendments to the Homestead Acts, providing for larger acreage to facilitate alternative the agricultural practices — such as dryland family and ranching — that were required to subsist on the remaining available lands. See, e.g., Kinkaid Amendment (1904); Enlarged Homestead Act (1909); Stockraising Homestead Act (1919).

26 US Bureau of the Census, *Historical Statistics of the United States, 1789–1945*, (1949). Absolute employment in agriculture began to decline after 1910. By 1916, a significant northward migration, particularly of African Americans from the Southeast, had developed as an alternative source of industrial workers.

27 Stan Vittoz, 49-78; Claudia Goldin, "The Political Economy of Immigrant Restriction, 1890 to 1921" in *The Regulated Economy* (National Bureau of Economic Research, 1994); Zolberg, *supra note* 4, 130.

28 Higham, 303.

29 Zolberg, 4.

30 Mae M. Ngai, *Impossible Subjects: Illegal Aliens and the Making of Modern America* (Princeton: Princeton University Press, 2004).

from immigrant labor.[31] Moreover, where business interests conflicted with immigration restriction — as in the Mexican migration to the Western states, which had increased to replace the Asian immigrant labor that had been cut off by the Chinese Exclusion Act and still remained crucial to agricultural production in the region — the racial order could be ignored: immigration from the Western hemisphere, including all the Latin American countries, was exempted from the first quota system.

This regime, in which capital (apart from a few unique sectors) has little interest in increasing immigration flows, while labor struggles to balance flows and rights, persists to the present day. Most sectors of capital are even less vulnerable to decreases in the immigrant flow than they have ever been. Mechanization of production is an important part of the story, but as important are the transformations in trade — both political and technological — that have lowered the costs of transferring production to regions with lower wage levels. Thus, most sectors of capital are now untethered — in the medium and long term — to geographically specific labor markets. The decimation of the Rust Belt is painful evidence of how this process has worked in manufacturing,[32] but even many industries that currently rely heavily on immigrant labor — such as high-tech software and internet services — have the capacity to move most of their work offshore if access to labor were to become difficult.[33]

31 Vittoz.

32 Joshua Murray and Michael Schwartz, "Collateral Damage: How Capital's War on Labor Killed Detroit," *Catalyst* 1, no. 1 (2017).

33 The booming business process outsourcing (BPO) sectors in developing economies like India or the Philippines is evidence of the transportability of this type of high-tech design and service work. In fact, the H-1B high-skilled worker visa has long been an important tool for the BPO industry, as a means to gather expertise in the US market. The vast majority of H-1B applications have come from outsourcing firms — in 2017, the *Economist* reported that between 2012 and 2015, the top three Indian outsourcing firms submitted over 150,000 such applications, while the top five technology firms in the US submitted 31,000. ("Code red; Legal migration," *Economist*, February 11, 2017.) The yearly H-1B quota is 85,000 — suggesting that the actual labor demand of US-based high-tech firms does not drive demand for immigrant labor in high-skilled markets.

From this viewpoint, the ineffectiveness of a strategy to build immigration reform coalitions around capital's ostensible labor needs is unsurprising. And the persistent support for this strategy among not only the Republican Party, but Democrats and organized labor, seems disingenuous or, at best, naïve. Critics of open borders often cite the political activity of Charles G. Koch and David Koch, owners of the second-largest privately held company in the US and major supporters of conservative causes, as both evidence of capital's support for immigration and reason to be suspicious of immigration expansion,[34] but it misrepresents the ways in which the Kochs have spent their money on the immigration issue. While they may sponsor the Cato Institute's libertarian policy proposals, they are also major funders of the American Legislative Exchange Council, the influential conservative lobbying group[35] that promulgated legislation to increase state and local participation in immigration enforcement, and, in general, promotes a "law-and-order" approach to immigration that opposes amnesty and promotes criminalization.[36] This equivocation on immigration is not atypical — major Republican donor Sheldon Adelson, who co-wrote an op-ed with Warren Buffet and Bill Gates in 2014 in support of immigration reform,[37] two years later donated nearly $100 million to the presidential campaign of a candidate who ran on an openly anti-immigrant platform. The scale of Adelson's contribution to the Trump campaign also gives us a sense of how little even those sectors that

34 Angela Nagle, "The Left Case Against Open Borders," *American Affairs* 2, no. 4 (2018): 17–30.

35 John Nichols, "ALEC Exposed," *Nation*, August 1–8, 2011.

36 ALEC, "The Invisible Wall to Legal Immigration," October 17, 2016; ALEC's model legislation was the template for Arizona's controversial SB 1070, "Support Our Law Enforcement and Safe Neighborhoods Act," criminalizing under state law aspects of federal immigration law and barring state and local officials from restricting the enforcement of immigration law. Laura Sullivan, "Shaping State Laws with Little Scrutiny" *NPR*, October 29, 2010. See also, ALEC, "Resolution Against Amnesty" "Resolution on the Fourteenth Amendment" (barring the children of undocumented immigrants from obtaining US citizenship).

37 Sheldon Adelson, Warren E. Buffet, and Bill Gates, "Break the Immigration Impasse," *New York Times*, July 10, 2014.

consistently support immigrants' rights and immigration expansion have actually spent to influence the political process. In that same election cycle, FWD.us — the lobbying organization created by Facebook and other tech giants to promote immigration reform — spent only $12,525 on campaign contributions.[38]

Where Immigrant Labor Still Matters

Only a small number of industries remain dependent on immigrant labor — those sectors that are geographically bound and have not yet managed to extensively automate production. Agriculture and construction because of their ties to the land, style-sensitive garment production (which require constant interaction between design and production, with flexibility to respond to fashion market trends[39]), and direct services such as cleaning, health care, and food service are key examples. In some of these fields, where higher rates of pay make it possible to attract native workers, the dependence on immigrant labor is less pronounced; for example, only 22.3 percent of nursing and home health aides are foreign-born — higher than the share of immigrant workers in the total labor force (14.1 percent), but not anywhere near the range of agricultural work, housecleaning, personal appearance services, or construction, where immigrant employment rates can rise to above 50 percent.[40]

Some of the immigrant labor demand in these sectors is met through the formal migration system, which currently permits the immigration of approximately 1.1 million immigrants (admitted with permanent resident status).[41] Another 2 million are admitted each

38 OpenSecrets.org.

39 Roger D. Waldinger, *Through the Eye of Needle: Immigrant Enterprise in New York's Garment Trades*, (New York: New York University Press, 1986): Chapter 5.

40 American Community Survey, 2012–2016: five-year sample.

41 USCIS, 2017 Yearbook of Immigration Statistics. "Table 1: Persons Obtaining Lawful Permanent Resident Status: Fiscal Years 1920-2017

year for residence in nonimmigrant capacity (temporary workers, students, etc.).[42] Though unauthorized entries are difficult to measure, researchers estimate that another approximately 780,000 undocumented immigrants entered each year between 1990 and 2009.[43] These flows produce a foreign-born population of approximately 44 million, one-quarter of which is undocumented. For those 11 million undocumented immigrants, what exists is a *de facto* guest-worker program.[44] Few migrants are actually stopped from entering the US labor market. Despite high-profile investments in border security and deportation, the immigration policy has been largely ineffective at curtailing unauthorized migration. Border enforcement only apprehends a small fraction of the migrants attempting to cross,45 and, given that the associated penalties (deportation or voluntary departure) are low, migrants are largely undeterred from repeated entry attempts.[45] While employer sanctions exist, they are easily circumvented and largely unenforced.[46] What those workers experience, however, is a secondary status. Though technically federal labor law applies to all workers regardless of immigration status, as with guest workers whose immigration status is dependent on employer sponsorship, unauthorized workers who fear detection and deportation are less likely to claim those rights by appealing to the state or participating in labor movements.

42 US Department of State: Bureau of Consular Affairs, 2016 Annual Report, https://travel.state.gov/content/dam/visas/Statistics/AnnualReports/FY2016AnnualReport/FY16AnnualReport-TableXVII.pdf.

43 Robert Warren and John Robert Warren, "Unauthorized Immigration to the United States: Annual Estimates and Components of Change, by State, 1990 to 2010," *International Migration Review* 47, no. 2 (2013): 296–329.

44 Nicole Jacoby, "America's De Facto Guest Workers: Lessons from Germany's Gastarbeiter for U.S. Immigration Reform," *Fordham International Law Journal* 27 (2003): 1569.

45 Approximately one-third between 1965 and 1989. Douglas S. Massey and Audrey Singer, "New Estimates of Undocumented Mexican Migration and the Probability of Apprehension," *Demography* 32, no. 2 (1995): 203–213.

46 Peter Brownell, *The Declining Enforcement of Employer Sanctions*, Migration Policy Institute, September 1, 2005.

Yet because employers in these sectors are actually dependent on immigrant workers, negotiations around flow and rights have, until recently, remained more similar to what existed in the nineteenth century generally — with capitalists willing to exchange expansions in the rights of new immigrants in order to secure immigrant labor supply.

Take, for example, the passage of the immigration amnesty provisions of the Immigration Reform and Control Act of 1986, which extended the right to remain to approximately 3 million undocumented immigrants. In the 1960s, organized labor and an insurgent farmworker movement, led by immigrant workers, had succeeded in ending the *bracero* guest-worker program and as well as the Western hemisphere exception on restrictive immigration quotas. In the 1950s, the Immigration and Naturalization Service (INS, the precursor agency to Immigration and Customs Enforcement, or ICE) had waged a successful campaign to channel Mexican migration away from informal migration and through the formal programs like the *bracero*.[47] Because so much of the migration was through formal channels, their sudden closing had an immediate impact on migration flows, and consequently, on those industries that relied on Mexican immigrant labor. The rise in wages that resulted from the end of the *bracero* program and the rise of farm-worker organizing forced large swaths of Western agriculture to revert to sharecropping.[48] The balance of power was only just beginning to return in favor of growers, with the rise in unauthorized workers through the 1970s and early 1980s finally placing downward pressure on wages.[49]

Any policy targeting this newly reestablished undocumented flow,

47 Kitty Calavita, *Inside the State* (Quid Pro LLC, 2010); Juan Garcia, *Operation Wetback* (Prager, 1980).

48 Wells estimates that between 40–55 percent of berry acreage reverted to sharecropping between the 1960s and 1980s. Miriam J. Wells, *Strawberry Fields: Politics Class and Work in California Agriculture* (1996): 230.

49 Philip Martin, "California Hired Farm Labor 1960–2010: Change and Continuity," https://migrationfiles.ucdavis.edu/uploads/cf/files/2011-may/martin-california-hired-farm-labor.pdf.

as the immigration reform bill proposed in the early 1980s did, was a credible threat to the Western growers, who lobbied hard against the bill and only acquiesced when a provision to greatly expand the H-2 temporary worker program to allow for an adequate flow of seasonal agricultural workers had been added.[50] Immigrant groups and organized labor vehemently opposed any expansion of the H-2 program, which they saw as a reinstatement of the *bracero* program. The compromise solution, which was to expand the IRCA's amnesty provisions so that Mexican migrant workers would qualify, demonstrates the extent to which capital can bend on the question of rights when the flow of immigration itself is under threat. The IRCA's standard residency requirement for legalization required eligible applicants to have lived in the US continuously for the five years prior to the law's enactment, a requirement that most migrant workers — who usually circulated seasonally between Mexico and the US — could not meet. Under the compromise, a special provision for "seasonal agricultural services" who could demonstrate ninety days of employment in the US within a single previous year was included in the IRCA in exchange for the expansion of the guest-worker program. This extension of amnesty would secure another 1.2 million immigrant workers,[51] who would no longer be subject to deportation. Dolores Huerta, United Farm Workers' vice president, explained the union's support of the compromise thus: "It gives the workers a fighting chance."[52]

Unfortunately, 1986 may have been the last time that a restriction-with-rights strategy might have been viable, even with respect to that

50 Zolberg, *A Nation by Design* 361-2; When the IRCA was passed, approximately 30,000 H-2 visas were issued each year. Assessments of the IRCA at the time estimated that the easing of regulations for the H-2 program, including expedited processing and lower wage rates for foreign workers, would lead such visa numbers to rise to 250,000. Stephen W. Yale-Loehr, "Foreign Farm Workers in the US: The Impact of the Immigration Reform and Control Act of 1986," *NYU Review of Law and Social Change* 15, no. 2 (1986–1987).

51 Nancy Rytina, "IRCA Legalization Effects: Lawful Permanent Residence and Naturalization through 2001," Office of Policy and Planning, Statistics Division, US Immigration and Naturalization Service, October 25, 2002.

52 Robert Pear, "Whither the Immigration Bill?" *New York Times*, July 15, 1986.

subset of capital dependent on immigrant labor. In the 1980s, the threat of restriction was particularly real because of the experience of the 1960s, which had demonstrated that immigration policy changes could significantly affect capital's labor costs. The lessons from the 1986 legislation, however, have been its opposite — the current configuration of migration is one that cannot be decreased through rule changes or even violent enforcement. The 1960s-era restrictionism had the impact they did because the *bracero* program had, in the preceding decade, institutionalized the migration into formal channels. Those channels could be easily affected by policy changes, but the rerouting of that migration through unauthorized channels, and the continuation of that unauthorized migration despite increased criminalization and spending on border security since the 1970s, suggests that actually *stopping* labor migration in the medium-to-long run is not possible (and that stopping *this* migration is not possible even in the short term).

As early as the late 1980s and early 1990s, migration scholars were comparing flow estimates with border policies to theorize that the scale of immigration enforcement required to actually deter migration attempts would require exponential investments.[53] Those investments were actually made in the late 1990s and through the first two decades of the twentieth century, but they had no effect but to demonstrate the futility of such efforts.[54] The militarization of the border may have

53 Thomas J. Espenshade, "Undocumented Migration to the United States: Evidence from a Repeated Trials Model," in *Undocumented Migration to the United States:* IRCA *and the Experience of the 1980s*, F.D. Bean, B. Edmonston, and J.S. Passel (eds.) (Urban Institute, 1990); Michael P. Todaro and Lydia Maruszko, "Illegal Migration and US Immigration Reform: A Conceptual Framework," *Population and Development Review* 13, no. 1 (1987): 101–114.

54 Wayne Cornelius, "Controlling 'Unwanted' Immigration: Lessons from the United States, 1993–2004," *Journal of Ethnic and Migration Studies* 31, no. 4 (2006): 775-794. The only time that a large-scale deportation program was ever effective in curtailing unauthorized immigration was in the 1950s, when the Immigration and Naturalization Service (the precursor to ICE) launched "Operation Wetback," a mass round-up of undocumented immigrants. Kitty Calavita, in her seminal work on the *bracero* program, *Inside the State: The Bracero Program, Immigration, and the I.N.S.*, documented how the migration flow was not actually stopped, but simply moved into the formal guest-worker program, which expanded to accommodate them. In some cases, the INS would

increased the costs of crossing, and thus had some deterrent effect, but the increased risk also incentivizes migrant workers to become settled, rather than circulate back and forth, contributing to an *increase* in the overall population of undocumented immigrants.[55]

THE LEFT'S DILEMMA

Under the current system, then, even employers in sectors that rely on immigrant labor have little to lose from immigration restriction policies. We have built fences and walls, militarized the border, and imprisoned immigrants, without significantly impacting the availability of immigrant workers to those businesses that need them.[56] Immigration restriction policy largely does not matter to employers' bottom line, which means that they also will not support a more open border policy. On the other hand, they have a very direct and immediate interest in supporting a punitive rights regime, in that the sense of vulnerability that it creates among immigrant workers also has a chilling effect on labor organizing in general. The implications for the movement for immigration reform are obvious. Capital cannot be viewed as a reliable partner for passing more liberal legislation. Indeed, given capital's interest in a more punitive rights regime, any success in advancing immigrant rights will only be achieved over its resistance.

It is this challenge, of building the power necessary to secure immigrant rights over the objections of capital, that is the central issue for the reform movement. And it cannot advance without the participation of immigrant workers themselves — not because of their overall number (they only constitute 15.5 percent of the working population[57]), but

deliver workers apprehended in raids directly to US Department of Labor officials who would process them in the formal channel and even *return* them to their employers.

55 Cornelius.

56 Cornelius, "*Controlling 'Unwanted' Immigration*".

57 Ruth Milkman, "Immigrant Workers and the Future of American Labor," *ABA Journal of Labor & Employment Law* 26, no. 2 (2011): 295–310.

because they are concentrated in those key sectors that cannot easily move offshore or be replaced by technology. Those few bright spots of private sector labor organizing in the past half-century have involved industries in which immigrant workers are concentrated (nearly one-fourth of Service Employees International Union's membership are immigrants[58]) — not only have studies shown that immigrants are more receptive to union organizing than native workers,[59] they occupy that portion of the economy where local workers retain some strategic power.[60]

Even within these industries, however, current union membership rates remain abysmally low — for most, in the low single digits.[61] Of course, there are many factors beyond the scope of this paper that explain these numbers, but for immigrant workers, these other obstacles are compounded by the risks inherent in their immigration status. Formally speaking, all immigrant workers, legally authorized or otherwise, have most of the same labor protections and rights to participate in workplace organizing as native workers. Substantively, the right to be present in a country is a precondition for securing all other rights. Even if undocumented immigrants are formally granted labor or political rights, the constant risk of deportation or detention renders those rights less enforceable.[62] Even for authorized workers, who have greater legal protections, the precariousness of the status of "immigrant" endangers their labor rights.[63] Educated technical workers who enter the US to

58 SEIU, "Tens of thousands of SEIU members march to show support for immigrant families," May 1, 2017.

59 Ruth Milkman.

60 J. Craig Jenkins, *The Politics of Insurgency: The Farm Worker Movement in the 1960s* (New York: Columbia University Press, 1985).

61 Bureau of Labor Statistics, Union Members Summary, January 18, 2019.

62 The Supreme Court has also denied backpay remedies to an immigrant worker who had been in violation of the IRCA, holding that federal policy with regard to immigration limited the NLRB's discretion to make such awards. The only remedy available to the NLRB in such circumstances is to notify employees of their rights under the NLRA and to initiate contempt proceedings against an employer who fails to cease and desist its NLRA violations. Hoffman Plastic Compounds, Inc. v. NLRB, 535 U.S. 137 (2002).

63 See, e.g., Dong-One Kim and Seongsu Kim, "The Effects on Union Membership of Race and Immigration Status: Focusing on Asian Americans," *Journal of Applied*

work for high-tech companies under the H-1B visa, while not generally subject to our deportation and detention regimes, are still deterred from participating in labor actions or even changing employment. For these workers, obtaining permanent resident status in the US requires continuous employer sponsorship through what can be a decade-long process,[64] during which employers can terminate employment or withdraw their sponsorship at will.

This chilling effect of immigration law on workers' rights is well-understood and documented,[65] though most of the literature, in focusing on the impact of enforcement, implies that the problem is not with restrictionism itself, but merely overzealous implementation. While it is certainly true that the magnitude of the chilling effect can vary depending on the aggressiveness of workplace immigration enforcement tactics, the effect itself is the logical consequence of any system that restricts migration. No matter how generous it may be with regard to the rights extended to entering migrants, the problem arises the moment entry and access to employment is made conditional on permission of some kind: a "legal" status begets an "illegal" status, and as long as those deemed "illegal" are subject to expulsion or deportation, that status will be an obstacle to organizing. Dolores Huerta's statement about the "fighting chance" indicates the strategic relevance of the right to remain for the class struggle.

Given the importance of immigrants for the labor movement, the necessary position seems obvious — that the Left should not only support immigrants' rights, but also fight for an end to the policy of immigration restriction. And to some degree, both the Democratic

Behavioral Science 33, no.1 (1997): 378–396.

64 US Department of State. Visa Bulletin for December 2018.

65 See, e.g., Rebecca Smith, Ana Ana Avendaño, and Julie Martínez Ortega, "Iced Out: How Immigration Enforcement Has Interfered with Workers' Rights," AFL-CIO (2009); Robert I. Correales, "Did Hoffman Plastic Compounds, Inc., Produce Disposable Workers?" *La Raza Law Journal* 14 (2003): 103–160; Kate Bronfenbrenner, "No Holds Barred: The Intensification of Employer Opposition to Organizing," Economic Policy Institute, May 20, 2009.

Party and organized labor have moved in this direction. In the past two decades, the Democratic Party has positioned itself definitively as the party of immigration, championing amnesty for undocumented workers and reform of the immigration system. Both of these positions are also supported by the AFL-CIO and the SEIU. But these moves have been inadequate. On the questions of migration quotas, economic migration, or border enforcement, the Democratic Party has always been restrictionist. It has simply insisted that the policy be tempered by humanitarian concerns such as the reunification of families and the extension of rights to unauthorized immigrants who are already in the country.[66] Even a call that sounds as radical as "Abolish ICE" is ultimately only a critique of how restriction is enforced. The labor movement is also hesitant on the question of immigration restriction, issuing carefully worded statements about comprehensive immigration reform that both critiques a system that produces a subset of vulnerable (because unauthorized) workers, but demands, as a solution, only a more "rational" restriction, not the abolition of the principle in its entirety.[67]

Given the stakes, why do we see this hesitation? The answer, of course, is the fear of a nativist backlash.

66 The family unification orientation of American immigration law has nativist origins — it was proposed by conservative Democrats for the 1965 Immigration Act as a less-obviously racist means of preserving the Northern European preference of the 1920s-era national-origins quota. (Tom Gjelten, *A Nation of Nations: A Great American Immigration Story*, 126) The actual impact of the policy, however, was to facilitate the chain migration of families from countries with high demand for emigration to the US, which were primarily in Asia and Latin America, and because immediate family migration is excepted from the quota system altogether, to drive up overall rates of immigration. Despite its unintended consequences, the family unification policy remains because the humanitarianism that was cover for nativism in the 1960s has now become a pillar of the Democrat's immigration platform.

67 Executive Council, AFL-CIO, "Resolution 11: The Labor Movement's Principles for Comprehensive Immigration Reform," September 13, 2009.

Responding to Nativism

In the American public discourse today, when we talk about the rise of nativism, we are rarely talking about the far-right white nationalist political movement — except on the specific questions of violence and terrorism. That movement remains too small to be a significant concern for electoral politics. Rather, the concern with nativism is primarily about its attractiveness to the working class, imagined now as a social identity equivalent to ethnic "whiteness." The electoral success of far-right parties and politicians in recent years suggests that the Democratic Party and organized labor are not wrong to tread carefully around nativism. Perhaps then, examining working-class nativism to address the problem of immigration is useful, though not because the working class is the *cause* of the repression of immigrants, but because working-class mobilization is necessary to stopping it. If a nativist reaction obstructs that mobilization in some way, then it is a problem that the Left must take seriously. Will a call for open borders inevitably alienate native workers?

The answer to that question will differ depending on what we think ultimately drives the nativist reaction among the working class — racial animus or material anxiety. To be sure, both factors are necessary to understanding how anti-immigrant politics in the US has developed. Workers' most immediate interest is in a protected labor market, and because the tendency of organized labor in the US has been to pursue rather narrow economic strategies, the historic orientation of major labor organizations like the AFL-CIO towards immigration has been one of restriction. Labor's pursuit of this agenda, often with racialized rhetoric, makes it difficult to disentangle workers' material concerns from racial animus.[68] There is, however, a difference between acknowledging that racial formation and racist discourses mediate the translation of

68 See, e.g., Gwendolyn Mink, *Old Labor and New Immigrants in American Political Development: Union, Party, and State, 1875–1920* (Ithaca: Cornell University Press, 1986); David R. Roediger, *Wages of Whiteness: Race and the Making of the American Working Class* (London: Verso, 2007); Stanford M. Lyman, "The "Chinese Question" and American Labor Historians," *New Politics* 7, no. 4 (winter 2000).

class interests into policy, and arguing that racial animus was the ultimate motivation for these policy positions. In labor historiography, workers' anti-immigrant positions always suggest a tangled, confused relationship between race and the material interests of workers — even the most blatantly racist programs of organized labor, such as the California trade unions' campaign to pass the Chinese Exclusion Act and the AFL's defense of that Act for sixty years, were also crucially motivated by economic anxieties about immigrant competition.[69]

The distinction matters because it has important implications for whether and how nativist reaction can be addressed. The race-based interpretation can lead us to dismiss the working class as a progressive force in struggles around immigration — something I have argued above the Left cannot afford to do. It also leads us to overlook key reasons why support for immigration in any left coalition might be weak. For if America's labor market is segmented along lines of race and national origin, and if immigrants tend to enter at the bottom of that market, then the heightened competition in those sectors will also conflict with the ties of solidarity ethnic groups or communities of color may share with new immigrants. We do not have to look hard to find empirical evidence for this process: While it may now be so well-established it is taken for granted in American politics, Latinx communities' support for the extension of rights to undocumented immigrants only predates the policy shift in organized labor by two decades. Until the late 1970s, before the Chicano movement helped to popularize a more radical binational ethnic solidarity, most Mexican-American organizations openly supported immigration restriction and opposed amnesty programs.[70] Support for immigration in African-American communities also cannot be taken for granted, where anxieties of displacement by immigrants often translates into a frankly nativist discourse.[71]

69 Mink.

70 David G. Gutierrez, *Walls & Mirrors: Mexican Americans, Mexican Immigrants, and the Politics of Ethnicity* (Berkeley: University of California Press, 1995).

71 See, e.g., Kevin R. Johnson, "Hurricane Katrina: Lessons about Immigrants in the

If we look beyond the policy positions of organized labor, to research on anti-immigrant sentiment among working-class respondents, there is ample evidence that the critical rationale for anti-immigrant sentiment is more economic than tribal or racial. Analyses of voting patterns have found that opposition to immigration is correlated with skill levels, with those individuals and communities more vulnerable to the competitive impacts of immigration more likely to support restriction. These effects are robust to noneconomic factors, including the actual levels of immigration into a community.[72] Even research that finds racial stereotypes to be a key driver for anti-immigrant sentiment reveals that the tendency to rely on such stereotypes is correlated with economic calculations, and is exacerbated during periods of economic hardship.[73] Surveys that disaggregate opinions on immigration between socialcultural and economic issues show that, even when views on immigration are positive overall, the potential negative economic impact of immigration remains a significant concern, though overridden by positive opinions about the cultural diversity that immigrants bring.[74] The correlation between the rise of such nativist movements and economic crises is so tight that most social science takes it for granted, with studies focusing on those rare occasions when they fail to appear during periods of economic crisis.[75]

Administrative State," *Houston Law Review* 45, no. 1 (2008): 11–71.

72 Giovanni Facchini, "What drives U.S. immigration policy? Evidence from congressional roll call votes," *Journal of Public Economics* 95, no. 7 (2011): 734–43; Kenneth F. Scheve and Matthew J. Slaughter, "Labor Market Competition and Individual Preferences over Immigration Policy," *Review of Economics and Statistics* 83, no. 1 (2001): 133–145.

73 Peter Burns and James G. Gimpel, "Economic Insecurity, Prejudicial Stereotypes, and Public Opinion on Immigration Policy," *Political Science Quarterly* 115, no. 2 (2000): 201–225.

74 See Figure 6, in Pew Research Center, "Modern Immigration Wave Brings 59 Million to the U.S., Driving Population Growth and Change Through 2065: Views of Immigration's Impact on U.S. Society Mixed," September 28, 2015.

75 Salvador Llaudes, "Spain: reasons behind the prolonged absence of anti-European and xenophobic views," El Cano Royal Institute Blog, June 26, 2017; Simon McMahon, "The politics of immigration during an economic crisis: analysing political debate on immigration in Southern Europe," *Journal of Ethnic and Migration Studies* 44, no. 14 (2018): 2415–2434.

Until the shock of the 2016 election, the approach of the Democratic Party to these material anxieties was to dismiss them as either less important than humanitarian concerns or as workers' error. Barack Obama's reflections on immigration in *The Audacity of Hope* are an example of the first approach. He begins with an acknowledgement that mass immigration has had a deleterious impact on native workers, and even that this impact was disproportionately felt by workers of color because of America's racialized inequality:

> "Everywhere, it seemed, Mexican and Central American workers came to dominate low-wage work that had once gone to blacks — as waiters and busboys, as hotel maids and as bellmen — and made inroads in the construction trades that had long excluded black labor …. If this huge influx of mostly low-skill workers provides some benefits to the economy as a whole … it also threatens to depress further the wages of blue-collar Americans and puts strains on an already overburdened safety net."[76]

The resolution he offers to this conflict, however, is not based on a direct engagement with the material question. Instead, he appeals to America's "humanity" and "way of life":

> "… But ultimately the danger to our way of life is not that we will be overrun by those who do not look like us or do not yet speak our language. The danger will come if we fail to recognize the humanity of [immigrants] — if we withhold from them the rights and opportunities that we take for granted."[77]

76 Barack Obama, *The Audacity of Hope: Thoughts on Reclaiming the American Dream.* (Random House, 2006): 262.

77 268.

The material question is passed over with an optimistic banality — "America is big enough to accommodate all our dreams."[78]

The second approach simply informs native workers they are wrong to fear that immigration will harm their material interests.[79] The argument itself is grounded in economic research that has shown that, even if immigration can put downward pressure on wages initially, the effect is small, and are often temporary, because the result in profit gains and investment will eventually lead to economic expansion.[80] Immigrants also contribute to economic growth through their consumption, and, depending on their human capital endowments, through entrepreneurial activity or the synergies between their skills and the needs of domestic businesses.[81]

The problem with this type of argument is less the validity of the research than the disjunct between these findings and the actual experience of workers. In the past thirty years, mass migration to the US reached levels unseen for a century, and those thirty years have not been a period of prosperity and wage growth for the working class, but the opposite. For those American workers who have experienced declining wages, long periods of unemployment, and the hollowing out of public services, the claim that the economic dynamism of immigrants will benefit everyone must read as a kind of trickle-down economics of the Left or a fossil fuel company's questioning of climate science — a self-interested rejection of common sense. If material anxieties are the

78 268.

79 See, e.g., White House Fact Sheet, "Immigration's Role in Building a Strong American Economy," 2013.

80 Panel on the Economic and Fiscal Consequences of Immigration; Committee on National Statistics; Division of Behavioral and Social Sciences and Education; National Academies of Sciences, Engineering, and Medicine, "Chapter 4: Employment and Wage Impacts of Immigration: Theory" in *The Economic and Fiscal Consequences of Immigration* (The National Academies Press, 2017).

81 Gihoon Hong and John McLaren, "Are Immigrants a Shot in the Arm for the Local Economy?" National Bureau of Economic Research Working Paper No. 21123 (2015); George J. Borjas, "The Economic Benefits from Immigration," *Journal of Economic Perspectives* 9, no. 2 (1995): 3–22.

primary driver of working-class nativism, then neither strategy — of emphasizing humanitarianism or minimizing workers' material concerns — can lead the way out of the dilemma that immigration presents to the Left. The path has to be through confronting those anxieties and actually offering solutions. Here, the labor movement has done a better job than the Democrats. While acknowledging that immigration *can* impact wages, they proceed from here by making the argument that *whether* immigration actually has this effect is largely the result of politics, that the limitation of wage competition, collective bargaining, and an expanded social safety net can nullify any potential negative impact of immigration on native workers.[82]

This argument is much easier to make because it does not respond to the straightforward argument about immigration and wage competition with jargony scholarly analysis or economics literature. It responds with another straightforward argument: Worker solidarity and negotiating as a unified labor force is more effective than individual bargaining. The labor movement is absolutely correct in this analysis. Empirically speaking, what negative impact immigration may have on native workers is tiny relative to what can be won or lost through organized class struggle. George J. Borjas, an economist whose work has often been used to buttress nativist policy, has found that immigration has a positive impact on the wages of native workers at all but the lowest skill level (high school dropouts), and here, the measured decline is 1.7 percent.[83] The figures estimated by most other labor economists are smaller, or positive.[84] On the other hand, the evidence that unionized workers earn more than nonunionized workers is unequivocal. The

82 Executive Council, AFL-CIO, "Resolution 11: The Labor Movement's Principles for Comprehensive Immigration Reform," September 13, 2009.

83 George J. Borjas, *Immigration Economics* (Cambridge, MA: Harvard University Press,2014): 120.

84 David Card, "Is the New Immigration Really So Bad?" *Economic Journal* 115 (2005): 300–323; Gianmarco I. P. Ottaviano and Giovanni Peri, "Rethinking the Effect of Immigration on Wages," *Journal of the European Economic Association* 10, no. 1 (2012): 152–197.

US Bureau of Labor Statistics finds that employees in all sectors — excepting private sector management professionals (a category that includes "top executives" of major corporations) — make more when they are unionized. And they do so at rates that are often in the order of 50–60 percent.[85] This dwarfs not only what small losses unskilled workers might experience because of immigration, but gains workers typically make through market processes when labor markets are tight.[86] Moreover, this account does not require that workers pretend that the losses of the past forty years never occurred, but offers an alternative explanation and points to a more effective way forward than antagonism towards immigrants. Finally, it does not require overlooking the material anxieties of workers or sacrificing for the well-being of some other group of people (i.e., immigrants), but rather, argues that whatever costs incurred will redound to the benefit of all.

So why hasn't the strategy worked? Why do union participation rates continue to decline, while the politics of immigration seems only to twist further to the right? There are, of course, many factors that contribute to this change, but one of them is the ways in which capital manipulates the immigration question. For if capital is no longer concerned with securing an immigration flow, it has every reason to exploit immigration as a source of division within the working class. It is not hypocrisy for Donald Trump to both provoke anti-immigrant sentiment while also staffing undocumented immigrants in his business, it is good strategy. It not only serves to silence his immigrant workers, many of whom are too afraid of detention and deportation to demand better wages or working conditions, it serves to undermine the labor movement as a whole, channeling native workers' frustration

85 See, e.g., Bureau of Labor Statistics, George I. Long, "Differences between union and nonunion compensation", 2001–2011, *Monthly Labor Review* (April 2013).

86 For example, economic reports celebrated tightening labor markets in 2018 with resulted in annual wage growth of 3.1 percent, the largest in ten years. See Lucia Mutikani, "U.S. job growth soars; annual wage gain largest since 2009," *Reuters*, November 2, 2018. In the same year, striking teachers in Arizona won a 9 percent raise, with a pledge for an additional 10 percent over the following two years.

and anxiety away from class exploitation and inequality. And as I have outlined above, Trump is not an anomaly; he is only particularly vocal. Responding to this onslaught without addressing the distinction at the core of its divisive power — between "native" and "immigrant" — is folly. Yet this is what major labor organizations like the AFL-CIO do when they continue to support the basic principle of immigration restriction.

The Left must go further than to debunk workers' fear that immigration is a material issue. We must say that immigration is without question a material issue, but not because of its impact on labor markets. It is a material issue because of the impact that immigration restriction has on the labor movement — as a source of division, and the means through which a critical minority of today's workers are deprived of basic political rights. And whatever downward pressure an influx of immigrants has on wages, *it is dwarfed by the economic consequences of a weak and divided working class.* The working class cannot reverse its economic decline without bringing immigrant workers into the fold, as a thirty-year strategy of soft-restrictionism has amply demonstrated. Workers' rights cannot be advanced unless we do away with any sort of restriction on their basic freedom to live and work where they wish. Anything less, including amnesty, contributes to the construction of immigration as a "problem," and perpetuates the cycles of anti-immigrant politics in which we are now caught.

The Federal Republic of Germany is one of the most powerful capitalist states today. The largest economy in Europe and third-largest in the world, it has come to dominate the very European Union once designed to bind its interests to the rest of the continent, and increasingly uses this position to assert its fiscal policy beyond its borders and play a determining role in global politics. Germany thus appears to have emerged from the economic crisis unscathed. Yet as this article argues, changes to its political economy and the structure of domestic labor relations since the shock of reunification in 1990 have laid the groundwork for a deeper crisis somewhere on the horizon.

BERLIN IS NOT (YET) WEIMAR

OLIVER NACHTWEY & LOREN BALHORN

Historical memory is often short, especially in politics. Surveying the European landscape at the outset of 2019, in which a self-assured Berlin swollen with tax revenue dictates economic policy to its fellow EU member-states virtually by decree, one could almost forget that twenty short years ago the German economy was seen as the problem child of the eurozone. Unemployment was reaching record highs, the country's generous welfare system drained state cash at unsustainable rates, and growth (still more or less tied to the productive economy) paled in comparison to the credit-fueled boom littering the Mediterranean coast with cheap condo developments.

What a difference two decades can make. Though the German boom appears to be losing steam in recent months, ten years after the financial crisis rocked most of the world the Federal Republic of Germany seems to have achieved what no previous generation of its ruling class could: consolidation of relative economic and political hegemony in Europe, and with it uncontested status as a leading world power (albeit as a junior partner of the United States). With more citizens active on the labor

market than ever before, the government claims that Germans have never had it so good. This is allegedly true in both the old West as well as, increasingly, the states of former East Germany. Following an initial period of adjustment and mass deindustrialization, the East appears to be recovering as call centers, logistics, and other service industries move in to employ a downwardly mobile proletariat at competitive wages, offering employers West German-financed infrastructure and labor costs competitive with Poland or the Czech Republic. On the surface the country appears to be prospering, even if some prosper more than others.

Yet if things are going so well, why are German voters abandoning the center in droves to support alternatives on the Left and, increasingly, the far right? After all, Germany was widely seen as a beacon of political stability and economic rationality for decades — and probably would have remained so had the so-called refugee crisis in 2015 not abruptly exposed the social tensions accumulating over the decades. During this critical period, the political party system underwent a largely ignored but profound transformation, bringing the country in line with European norms as right-wing populism entered the stage in the form of the Alternative für Deutschland (AFD). The AFD became the third-strongest force in the new Bundestag with 13 percent of the vote in the September 2017 federal elections; in the eastern state of Saxony it even won a plurality. The Free Democrats (FDP) returned to parliament with 11 percent, while both the Greens as well as Die Linke fell short of expectations with roughly 9 percent each.[1]

Long-serving Chancellor Angela Merkel was dealt a serious blow. Her Christian Democratic Union (CDU) and its Bavarian sister party the Christian Social Union (CSU) together lost almost 9 percentage points, landing at only 33 percent — their worst result since 1949. The Social Democrats (SPD) received 20.5 percent of the vote, their lowest since World War II. This trend continues, with a recent study by the

1 Loren Balhorn, "Germany Is Not an Island," *Jacobin*, September 26, 2017.

Bertelsmann Foundation finding that roughly one-third of voters now identify with "populist" currents whether left or right.[2] Many recent polls place the AFD ahead of the SPD and Greens.

Following several months of stalled coalition talks and dramatic wrangling, another "grand coalition" between the CDU/CSU and SPD was finally stitched together in March 2018. Representing only 53 percent of the electorate, the decline of Germany's two traditional parties was evident in the coalition arithmetic. As before, it constituted a marriage of sheer convenience between two partners who were more than sick of each other and ready to file for divorce, their dysfunctional relationship held together only by the mutual fear of new elections. Though the German government is yet to slip into freefall, tensions beneath the surface increasingly play out in the world of high politics, with both major parties desperate to shore up support as an anxious, insecure mood sweeps up large segments of society into the political outlook put forward by right-wing populism. The government for its part finds itself trapped in an agonizing "muddling through," unable or too afraid to pursue bold initiatives to tackle serious problems.

GROWING THE ECONOMY, GROWING INEQUALITY

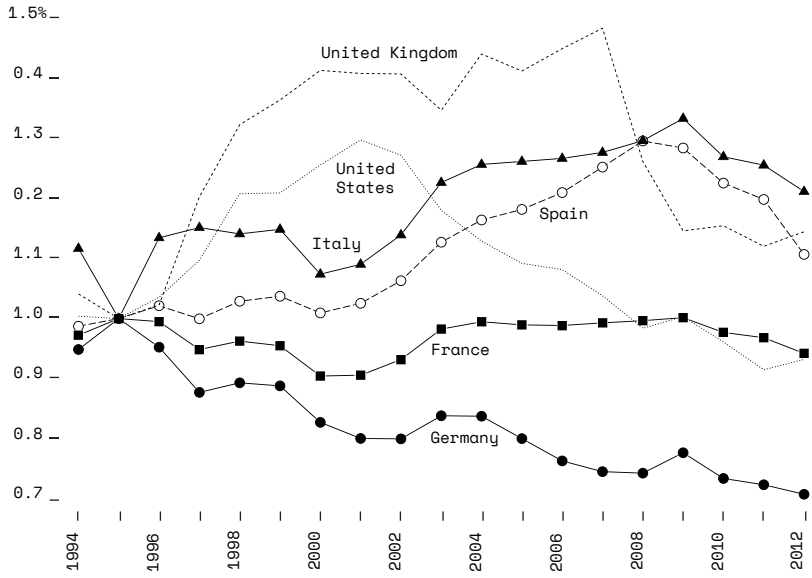
Germany's protracted crisis may manifest largely at the level of parliamentary politics, but the deeper context for these political ruptures is the transformation of the country's economy beginning with reunification in the 1990s and accelerating in the mid-2000s with the creation of the eurozone and deregulation of the German labor market. Though the size of Germany's economic pie grew over the last two decades, it did so at the cost of reordering the class structure, relegating millions of workers to insecure, temporary, and low-paid employment as their only long-term prospect. This has created a new working poor, the

2 David Martin, "Germany's political center sways towards populist fringes: study," *Deutsche Welle*, October 1, 2018.

existence of which is highly lucrative for capital while also exerting moral pressure on other workers to stay productive and not rock the boat, lest economic turbulence cause the low-wage sector to expand even more.

According to most conventional accounts, the foundation for Germany's economic success was laid by the Agenda 2010 labor market reforms implemented by the SPD-Green coalition under Gerhard Schröder in the early 2000s. Given how widely accepted this claim is, it may come as a surprise that no credible academic studies have proven this to be true. What cannot be denied, on the other hand, is that there has been a rise in German capital's global competitiveness, with German relative unit labor costs (as an indicator of competitiveness) improving vis-à-vis their major industrial rivals since 1995.

A. COMPARATIVE DEVELOPMENT OF RELATIVE UNIT LABOR COSTS IN EUROPE (1995 = 1%)



Source: Christian Dustmann, Bernd Fitzenberger, Uta Schönberg, and Alexandra Spitz-Oener, "From Sick Man of Europe to Economic Superstar."

A recent study titled "From Sick Man of Europe to Economic Superstar" rejects the narrative of Agenda 2010 as a capitalist success story, highlighting a wider combination of factors instead.[3] Its authors conclude that the primary driver of German economic success was actually rooted in long-term changes to the country's system of industrial relations. The growth of wage inequality in Germany was dramatic, but much less so in the export-oriented manufacturing sector where real wages remained relatively stable or even rose for highly skilled workers. At the same time, the sector also benefitted from declining wages and prices in other sectors contributing to the end product. Unit labor costs of German end products have fallen sharply over the last two decades as a result. Though the country's relatively high productivity gains in manufacturing also certainly played a role, they alone cannot explain this development.

German unemployment rose considerably beginning in the 1980s due to the Bundesbank's restrictive monetary policy and fiscal restraint on the part of successive governments. The real game changer for the German economy, however, was reunification in 1990. West German capital went on the offensive to exploit new economic opportunities emerging in the East, while labor struggled to cope with even higher levels of unemployment and the enormous strains reunification imposed on federal spending. The incorporation of five new states and the opening up of Eastern Europe gave capital a tremendous advantage in the institutionalized class struggle at home, as it not only meant new markets but also new places to relocate production. This proved extremely lucrative, as companies could now hire qualified workers at significantly lower wages without modifying their training and skilling systems.

Wages fell as inputs and services for the German export economy moved east in the mid-1990s. Moreover, the value chain shifted:

3 Christian Dustmann, Bernd Fitzenberger, Uta Schönberg, and Alexandra Spitz-Oener, "From Sick Man of Europe to Economic Superstar: Germany's Resurgent Economy," *Journal of Economic Perspectives* 28, no. 1 (2014): 167–188.

reunification and eastern expansion allowed German capital to relocate more primary products and services to Eastern Europe than its rivals, bringing with it the possibility of outsourcing (or the threat thereof) while opening an effective transnational value chain at the same time. Though the depth of the chain was reduced it gave German industry a cost advantage. Most significant, however, were the heavy losses imposed on low-wage workers to drive down unit labor costs. This was made possible by the decentralization of German industrial relations from the sectoral to the company level beginning in the 1990s — unlike many European competitors, where the legal minimum wage is not only higher, but industry wage standards are set at the national level. Despite the country's reputation as a bastion of secure employment and social partnership, the world of work in Germany today comprises a patchwork quilt of sectoral and company-level agreements, eroding labor standards, and declining trade union strength.

Decentralization has occurred on several levels, beginning with the reduced effectiveness of sectoral collective bargaining agreements. The collective bargaining system was worn down over several decades, gradually losing influence as a de-commodifying institution and itself becoming a facilitator of market mechanisms in many instances. Rates of trade union organization have also been on the decline: in 2014 only 28 percent of workers in former West Germany and 15 percent in the eastern states still worked in private firms with an industry-wide wage agreement and a works council (compared to 39 percent and 25 percent in 1998).[4]

The institutionalized class struggle eroded particularly in the sphere of collective bargaining, as many companies left the employers' associations and generally became more aggressive in negotiations and labor disputes.[5] Trade unions for their part refrained from forcing employers back into collective bargaining through strikes. Instead, the unions

4 Peter Ellguth and Susanne Kohaut, "Tarifbindung und betriebliche Interessenvertretung: Aktuelle Ergebnisse aus dem IAB-Betriebspanel 2014," WSI-*Mitteilungen* 68, no. 4 (2015): 290–97.

5 Wolfgang Streeck, *Re-Forming Capitalism. Institutional Change in the German Political Economy* (Oxford: Oxford University Press, 2009).

attempted to shore up their losses and prevent further erosion by clearing the way for company-level deviations from sectoral standards in the mid-1990s. The resulting contracts, which retained corporatist institutions in exchange for significant wage and working conditions concessions by organized labor, allowed business owners to implement further wage reductions particularly in sectors already plagued by low pay. Unions adopted this strategy in order to protect their strongholds in the face of a seemingly unstoppable onslaught. One could even argue that this strategic retreat is part of the reason why German unions in select industries remain so strong to this day despite significant overall losses. Ultimately, however, the decentralization of collective bargaining created large pools of low-wage labor complementing and reinforcing the country's core productive industries, while lowering overall wage costs. The dynamic also causes friction between workers across industries and sectors and weakens organized labor's hand over the long term, as capital successfully carves out zones of heightened exploitation largely outside of the unions' organizational reach that in turn ensure the stability of the core economy.

The introduction of the euro in 2002 provided Germany (as an export-oriented economy) with an advantage on the European market, as other eurozone states could no longer counter German wage pressure by devaluating their own currencies. The combination of Germany's comparatively low wages, highly productive export sector, and position in the eurozone allowed it to far outpace its competitors. Though this advantage produces large export surpluses at home, it also fuels the growing international trade imbalances now wreaking havoc on the EU as a whole.

Growing German competitiveness therefore began long before the introduction of Agenda 2010, which would only take effect later as German capitalism continued to struggle with the costs of reunification. Agenda 2010 did not directly boost employment but did increase pressure on wages which had already been falling for nearly a decade. This in turned helped to bolster the German economy's global market

position after the 2008 financial crisis. The relative rise of the Global South played a special role here, as the German economy's "diversified quality production" enjoys strong comparative advantages in the international division of labor in fields such as mechanical engineering, allowing it to export cars and other high-value commodities to the emerging markets of China, India, and elsewhere.[6]

Germany has thus experienced a period of sustained neoliberal growth, albeit one still firmly anchored in the productive "real" economy. Though the country did not see the kinds of rampant financialization or mass unemployment commonly associated with neoliberal economics, it witnessed the consolidation of a new underclass consisting of state welfare recipients casually referred to as "Hartz-IVers" and the country's growing army of low-wage workers.[7] These groups constitute a qualitatively new development in postwar German society and have major implications for politics, whether of the neoliberal or socialist variety.

THE ELEVATOR GRINDS TO A HALT

One of the most poignant terms describing West German society in the 1980s was coined by the sociologist Ulrich Beck, who proposed the concept of the "elevator effect."[8] This image implied that although social inequality still existed, the rich and poor rode upward together in the same social "elevator," reducing the importance of social differences as everyone moved in the same general direction. Some thirty years after the book's publication, however, decades of neoliberal tinkering have replaced the country's social elevator with a class structure more

6 Cf. Andt Sorge and Wolfgang Streeck, "Diversified Quality Production Revisited: The Transformation of Production Systems and Regulatory Regimes in Germany," *MPIfG Discussion Paper* 16/13, Cologne: Max Planck Institute for the Study of Societies, 2016.

7 Friederike Bahl and Philipp Staab, "Das Dienstleistungsproletariat. Theorie auf kaltem Entzug," *Mittelweg 36* 19, no. 6 (2010): 66–93.

8 Ulrich Beck, *Risk Society*, translated by Mark Ritter (London: SAGE, 1992). The formulation "elevator effect" with which Beck described modern society is omitted from the English translation.

aptly illustrated as a series of escalators, in which upward and downward mobility exhibit both collective as well as individual dimensions. Whereas everyone on Ulrich Beck's elevator rode upward, distances between individuals change on the escalators as they go up or down.

In spatial terms, we can imagine a scenario like that of a department store: one escalator has already taken some well-to-do customers to the upper floor, where they look around or even continue to floors above. For most who have not yet reached the upper floor, on the other hand, the direction of travel begins to shift, and downward mobility sets in. This development remains relatively controlled for now. *Individual* downward mobility or immiseration has not become a mass phenomenon, and moving up the escalator still remains possible in some cases. *Collectively*, however, the working-class escalator is headed downward while distances between the upper and lower floors increase. Younger workers in particular find themselves trapped on the lower floors. The escalator effect is especially visible when observing the development of real net incomes, which already began declining a few years after Beck's initial diagnosis.

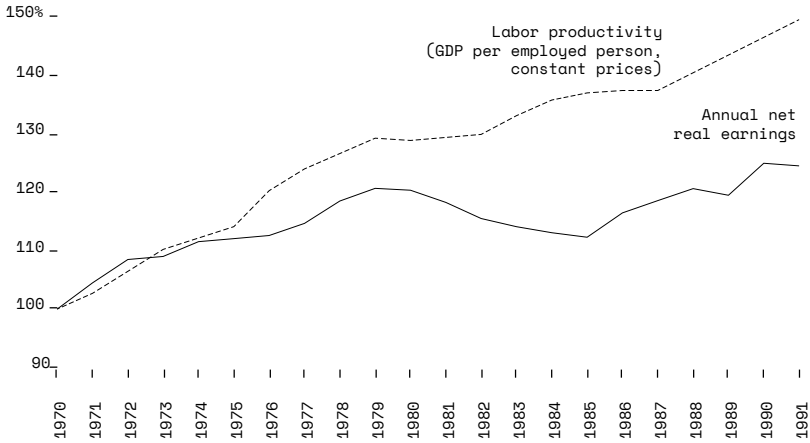
The development of real net income is an important indicator of social position and opportunities for participation for all workers. The trend was upward until the early 1990s (Diagram B), a clear indication of the elevator effect over the long term. Incomes peaked in the early 2000s before the trend reversed, and real incomes have been on the decline since 1993 (Diagram C) despite some interruptions.[9] Only in the last nine years does this trend appear to have halted. Average real incomes have not fallen further, and even risen by almost 1 percent per year on average since 2010.[10]

The relative decline of wages and salaries — the graph shows an average

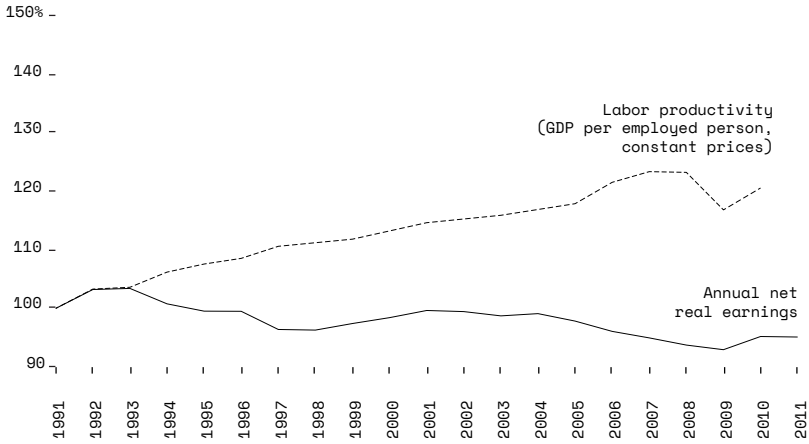
9 The escalator effect looks rather different in the eastern states. Though there have been several downward movements, the period after reunification initially saw a high level of upward social mobility. Cf. Rainer Geißler, *Die Sozialstruktur Deutschlands* (Wiesbaden: VS, 2014).

10 Statistisches Bundesamt, "Tarifindex," 2015, https://www. destatis.de (accessed February 2016).

B. REAL NET EARNINGS AND REAL LABOR PRODUCTIVITY IN GERMANY, 1970–1991 (1970 = 100%)



C. REAL NET EARNINGS AND REAL PRODUCTIVITY IN GERMANY, 1991–2011 (1991 = 100%)



Source: Bundesministerium für Arbeit und Soziales, *Statistisches Taschenbuch* 2011. Arbeits-und Sozialstatistik, Bonn, 2012.

D. WAGE GROWTH IN GERMANY, 2000–2013 (2000 = 100%)

Source: WSI Collective Agreement Archive, *Statistisches Bundesamt*

value including both high and low incomes — conceals the fact that the spread of earnings *within* firms and sectors has also increased. Basic earnings in finance and energy are twice as high as in catering or agency work, but the pay gap between simple case handlers and managerial staff has grown as well. According to the OECD, German income inequality has risen particularly dramatically since the turn of the century.[11]

The fall in net real incomes is all the more significant given that German productivity has risen continuously over the same period, interrupted only by the economic crisis. Real incomes and productivity rose in parallel until the mid-1970s. With the onset of the long downturn in the global economy and as companies began investing heavily in labor-saving machinery, however, productivity and incomes began to diverge. Since the 1990s the linkage between the two curves has disappeared entirely — while productivity and value creation have risen, real wages have dropped. That said, a rather different picture emerges if we differentiate between wage rates and real earnings.[12]

11 OECD, *Growing Unequal? Income Distribution and Poverty in* OECD *Countries*, Country Note Germany, Paris, 2008.

12 A different picture emerges if negotiated wage rates and actual wages are distin-

Nominal wages covered by collective bargaining have actually risen despite some economically difficult years, while gross earnings have fallen at the same time (Diagram D).[13] Moreover, incomes fell particularly where trade unions and collective bargaining were absent — immediate material effects of weakened economic citizenship rights and the erosion of collective bargaining.

The decomposition of data on the household level provided by the German Institute of Economic Research depicts the stratification of household incomes in the country. Most notably, the lower 40 percent of German households — more than 30 million people — have experienced wage stagnation and losses since the 1990s (Diagram E).

Until the early 1980s real incomes not only rose, but the so-called wage ratio — the share of total national income made up of income from employment — also increased. Representing the obverse of income from securities, rent, interest, and profits from entrepreneurial activity, the earned income ratio thus provides information on the social distribution of newly acquired prosperity.[14] It rose almost continuously for the duration of the elevator effect. As far as income from employment is concerned, growth actually rose above and beyond the elevator effect alone, and workers were able to substantially increase their share of total created value. The wage ratio began to stagnate around 1982, when Helmut Kohl became chancellor and introduced his "moral turn" in national politics. It has actually fallen on average since the early 1990s.

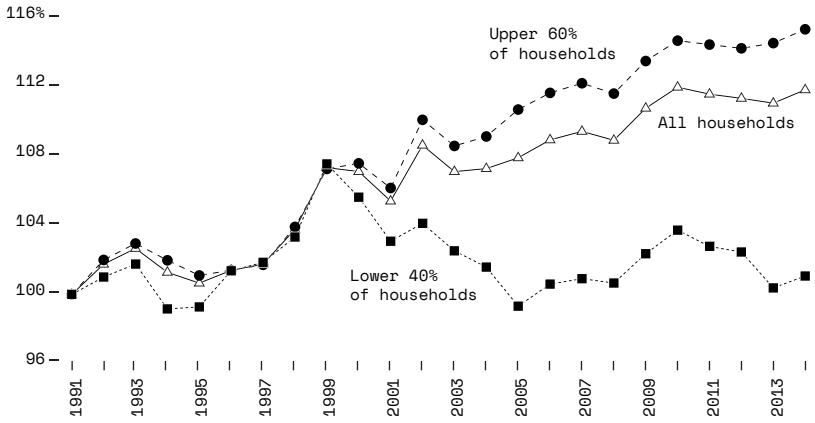
In short, German workers have been taking in an ever-smaller

guished. There are, however, no long-term time series for this. Cf. Diagram C and International Labour Organisation, *World of Work Report 2011: Making Markets Work for Jobs*, Geneva, 2011.

13 Gross earnings did not return to 2000 levels until 2014.

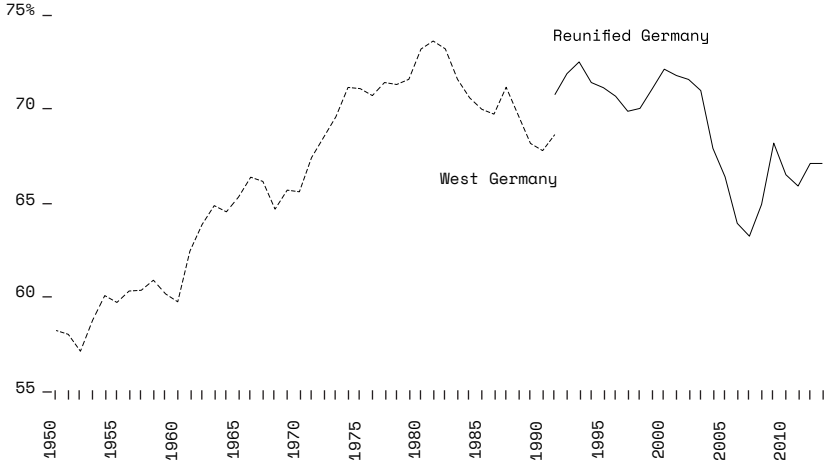
14 The wage ratio is not without its critics, being distorted by a number of factors. For instance, it frequently rises at the start of an economic crisis as profits collapse and earned income proportionally rises. If the salaries of directors and managers increase, this also raises the wage ratio, as managerial compensation is partly counted under earned income. Cf. Claus Schäfer, "Die Lohnquote — ein ambivalenter Indikator für soziale Gerechtigkeit und ökonomische Effizienz," *Sozialer Fortschritt* 53, no. 2 (2004): 45–52; Thomas Weiß, "Die Lohnquote nach dem Jahrtausendwechsel," *Sozialer Fortschritt* 53, no. 2 (2004):4 36–40.

E. DEVELOPMENT OF HOUSEHOLD INCOMES IN GERMANY (1991 = 100%)



Source: Markus M. Grabka and Jan Goebel, "Realeinkommen sind von 1991 bis 2014 im Durchschnitt gestiegen — erste Anzeichen für wieder zunehmende Einkommensungleicheit," DIW-Wochenbericht (4), 2017.

F. DEVELOPMENT OF THE WAGE RATIO IN GERMANY, 1950–2010 (UNADJUSTED)



Source: Bundesministerium für Arbeit und Soziales, Statistisches Taschenbuch 2011. Arbeits- und Sozialstatistik, Bonn, 2012; Norbert Räth and Albert Braakmann, "Bruttoinlandsprodukt 2013," Wirtschaft- und Statistik (1): 9–25.

share of the economic pie since reunification, while the upper classes get more and more. The poorest fifth of households receive only 9.2 percent of total social income, having lost almost 1 percent from 1992 to 2011. Conversely, the richest fifth of households now receive 36.6 percent. Altogether, the share of households with less than 50 percent of average income has risen from 7.4 to 11.8 percent in this time frame.[15] In other words, inequality between rich and poor has grown considerably in the last twenty years — a clear indicator that Germany is becoming a downwardly mobile society.

Distribution of wealth essentially follows the biblical "Matthew effect": "For unto everyone one that hath shall be given, and he shall have abundance."[16] While the top 10 percent of German households already owned 44 percent of net monetary wealth in 1970, by 2010 they controlled more than 66 percent. The richest 1 percent possessed more than 35.8 percent of net monetary wealth.[17] In 2008, by comparison, the poorer half of the population owned scarcely 1 percent of all wealth in the country.

PRECARIOUS EMPLOYMENT

In postwar West Germany a secure job with protection from dismissal was the norm, and full-time employment served as the foundation of social integration and stability. The arrangement helped to keep social conflict in the country relatively controlled. Today the number of jobs providing this stability has declined noticeably, so much so that we

15 Jan Goebel, Peter Krause, and Roland Habich, "Einkommensentwicklung — Verteilung, Angleichung, Armut und Dynamik," *Statistisches Bundesamt/Wissenschaftszentrum Berlin für Sozialforschung* (2013).

16 Cf. Robert K. Merton, "The Matthew Effect in Science," *Science* 159, no. 3810 (January 1968): 56–63. The Gini coefficient for wealth in Germany today is about 0.78, a particularly high level of concentration by international comparison. Cf. Markus M. Grabka and Christian Westermeier, "Anhaltend hohe Vermögensungleichheit in Deutschland," *DIW-Wochenbericht* 9 (2014): 151–64.

17 Cf. Hans-Ulrich Wehler *Die neue Umverteilung. Soziale Ungerechtigkeit in Deutschland* (Munich: C. H. Beck, 2013), 73.

could characterize the current state of the country's labor market as exhibiting the "institutionalization of precarity."[18] By "precarious," we mean a type of employment that is unstable, insecure, and revocable. Its newfound structural role in the modern German economy is one of the main factors of downward social mobility, driven not simply by the growth of social inequality as such, but by the deterioration of labor relations as a whole.

The spread of precarious employment is rooted in several interrelated factors. Predominantly, precarity gives German companies a means with which to reconfigure their cost structure. Many now operate a dualized employment structure consisting of a core of permanent employees reinforced by a periphery of precarious workers. This structure gives companies two significant advantages.[19] Firstly, they can react more flexibly to the demands of a volatile world economy, since the "dismissal costs" of precarious workers are fairly marginal compared to permanent staff. Secondly, they produce conflicting interests within the workforce and therefore in the trade union movement. Precarious workers' top priority is to enter the permanent workforce. In order to do so, they are often willing to accept relative wage restraint. Permanent workers, however, are interested in improving their working conditions and wages, and sometimes even accept bosses' arguments justifying precarious employment to protect their more secure jobs. Finally, precarious work is deliberately used as a means of internal social discipline. Precarity constitutes a new form of the "reserve army" described by Marx in the first volume of *Capital*.[20] In the past the unemployed filled

18 Robert Castel, *La montée des incertitudes. Travail, protections, statut de l'individu*, (Paris: Éd. Du Seuil, 2009), 159ff.

19 Using the example of temp work, cf. Hajo Holst, Oliver Nachtwey, and Klaus Dörre, "The Strategic Use of Temporary Agency Work — Functional Change of a Non-standard Form of Employment," *International Journal of Action Research* 6, no.1 (2010): 108–138.

20 Hajo Holst and Oliver Nachtwey, "Die Internalisierung des Reservearmeemechanismus. Grenztransformationen am Beispiel der strategischen Nutzung von Leiharbeit" in Karina Becker, Lars Gertenbach, Henning Laux, and Tilmann Reitz (eds), *Grenzverschiebungen des Kapitalismus* (Frankfurt: Campus, 2010), 280–299.

the ranks of the capitalist reserve army, exerting an external structural pressure on wages and labor relations. Today, precarious employment internalizes this function within the firm. Though they may work inside the company, temporary workers always have one foot in unemployment. Their mere presence serves as a continual reminder to permanent staff that their futures may very well also become less secure should the company fail to meet its earnings targets.

At the height of postwar prosperity, "normal" labor relations applied in almost 90 percent of jobs. In 1991 79 percent of all workers were employed under normal labor relations, but by 2014 the figure had fallen to 68.3 percent. In some years the figure was as low as 67 percent. Normal labor relations witnessed a slight uptick due to positive economic developments in 2015, reaching 69 percent, but 21 percent of workers were atypically employed either without job security, on inadequate terms, part-time, or as agency workers.[21]

After receding in importance for several decades, normal labor relations have stabilized and, in some ways, even gained ground since 2007. Yet the underlying trend points towards permanent precarious employment for a growing segment of the German working class. This low-level consolidation results above all from the relatively stable economic situation since 2005 and the demographic shift that led to a shortage of skilled workers in some industries, pushing firms to do more to hang on to their employees. Many jobs grouped under "normal labor relations," however, consist of indefinite part-time employment (still "normal" as long as they remain above twenty-one hours per week). This sector that has more than doubled in size over the last fifteen years. Altogether, the number of full-time jobs fell by more than one million between 2001 and 2016, while part-time jobs rose by four million.[22]

21 Agency work grew by 186 percent between 1999 and 2013 (cf. Karin Scherschel and Melanie Booth, "Aktivierung in die Prekarität: Folgen der Arbeitsmarktpolitik in Deutschland" in Karin Scherschel, Peter Streckeisen, and Manfred Krenn (eds), *Neue Prekarität. Die Folgen aktivierender Arbeitsmarktpolitik — europäische Länder im Vergleich* (Frankfurt: Campus, 2013), 35.

22 Cf. Statistisches Bundesamt, *Statistisches Taschenbuch 2017*, 368, fn. 47.

Within the group of atypical labor relations, temporary employment has grown the most. In 2009 almost every second new job was under a temporary contract.[23] Moreover, precarious conditions are not distributed equally across all groups of workers, but particularly concentrated among the low-skilled.[24] Occupation, income, and prestige now all appear insecure. Many workers lurch through their working life abandoned to the whims of external pressures and unable to develop a focused career. This back and forth leads to a growing "status inconsistency" in which the positions a person occupies in various social dimensions appear to diverge.[25] Higher education no longer corresponds to higher incomes. Often employed in occupations for which they are unqualified or overqualified, this oscillation on the labor market leads many workers to feel deprived, robbed of their dreams, and socially disadvantaged.

Precarity, however, means much more than just the erosion of normal labor relations. Work gradually loses its socially integrative function.[26] It has become notably harder to speak of "normal" labor relations when describing Germany's labor market — after all, if a third of workers are employed in atypical and often precarious conditions, normal labor relations represent the standard only nominally. The concept of "atypical employment" does not accurately reflect the situation, as the forms of employment it embraces are no longer atypical but actually par for the course.

23 Cf. Christian Hohendanner, "Unsichere Zeiten, unsichere Verträge?" *IAB-Kurzbericht* 14/2010, Nuremberg. This leads to a situation in which atypical relations are most common at the start of a career. See, e.g., Petra Böhnke, Janina Zeh, and Sebastian Link, "Atypische Beschäftigung im Erwerbesverlauf: Verlaufstypen als Ausdruck sozialer Spaltung?" *Zeitschrift für Soziologie* 44, no. 4 (2015): 234–52.

24 Cf. Frank Schüller and Christian Wingerter, "Arbeitsmarkt und Verdienste," *Statistisches Bundesamt/Wissenschaftszentrum Berlin für Sozialforschung* (2013), 120.

25 Natalie Grimm, "Statusinkonsistenz revisited! Prekarisierungsprozesse und soziale Positionierung," WSI-*Mitteilungen* 66, no. 2 (2013): 89–97.

26 Cf. Hans-Jürgen Andreß and Till Seeck, "Ist das Normalarbeitsverhältnis noch armutsvermeidend?", *Kölner Zeitschrift für Soziologie und Sozialpsychologie* 59(3), 2007, 459–92.

The erosion of normal labor relations in Germany is closely bound up with women's growing participation in the labor market. In the decades following World War II the role allotted to women was primarily that of housewife and mother, whereas women's paid employment is now widespread even when economic pressures are not a factor. This is particularly the case in households where one or both partners are highly skilled and more or less belong to the middle class. Here, employment is often an act of emancipation and self-realization. But there are other reasons why more women are working: in German households with low levels of skill and income, the husband's salary is often no longer enough. This has led to the growth of atypical employment (under twenty-one hours per week) especially among women.[27]

To sum up, in the modern Germany society of precarious full employment the persistent divide between the employed and the unemployed is supplemented by a dualized labor market with two interpenetrating worlds — one of shrinking stability and one of expanding precarity.[28] Forms of agency, subcontracting, and temporary work combined with active social policies have made firms more prepared to take on new workers, as the government increasingly subsidizes training and insulates employers from dismissal costs. This has reduced the unemployed reserve army at the cost of a growing reserve army of precarious workers.

MIDDLE-CLASS ANGST

In the public sphere, the country has witnessed a lively discussion on the state of its middle class (i.e., highly qualified or white-collar workers) triggered by the realization that it appears to be shrinking. In postwar Germany, this middle class always represented more than a mere social fact. It was (and still is) seen in public debate as an anchor

27 Cf. Schüller and Wingerter, "Arbeitsmarkt und Verdienste," 116.

28 Herfried Münkler, *Mitte und Maß. Der Kampf um die richtige Ordnung* (Reinbek bei Hamburg: Rowohlt, 2010).

of stability, a reference point of social normality, a component of social integration and, not least, a sign of social mobility and ascent. It is thus not surprising that German society views itself as a society of the "comfortable middle."

Lately, however, some parts of the middle class almost act as if they were an endangered species. These groups feel particularly threatened by downward mobility precisely because their members generally cannot rely on the security provided by property or wealth. When evaluating a worker's class position it is important to look not only at her current status, but also her chances and fears of encountering downward mobility.[29] Precarity ultimately results in the erosion of social networks, worse prospects for social participation, and reduced chances to lead a planned life with stable prospects for the future. Those affected experience these phenomena as a crisis of personal meaning and a loss of their social reputation.

A useful model to understand these new social insecurities can be found in Robert Castel's study of French labor.[30] For him it is not so much a question of measuring whether the middle class as defined by income is shrinking or by how much; instead, Castel's typology expands the material conditions of income, professional position, job security, social welfare, and growing savings to incorporate subjective factors and life prospects. He distinguishes between three zones: one of "integration," another of "vulnerability," and a third of "uncoupling." In the zone of integration, normal labor relations are the rule and social networks remain intact. This also includes certain groups with an "atypical" occupational situation — such as highly skilled freelance engineers — who are socially integrated by virtue of their market

29 The feeling of social vulnerability and precarity more or less assumes that security is something within people's experience. Cf. Berthold Vogel, "Soziale Verwundbarkeit und prekärer Wohlstand" in Heinz Bude and Andreas Willisch (eds), *Das Problem der Exklusion. Ausgegrenzte, Entbehrliche, Überflüssige* (Hamburg: Hamburger Edition, 2006), 346.

30 Cf. Robert Castel, *From Manual Workers to Wage Laborers: Transformation of the Social Question* (New Brunswick, NJ: Transaction Publishers, 2002), 367ff.

position and do not feel subjectively insecure. In the zone of vulnerability insecure employment is the rule, as both subjective security as well as social networks erode. The zone of uncoupling denotes groups which are excluded from social involvement at most levels (especially in terms of security, participation, and culture).

Similar conditions exist in Germany, where the zones of vulnerability and uncoupling have expanded in recent years.[31] In some phases of life — those that Berthold Vogel classifies as "social vulnerability" and "precarious prosperity" — mobility occurs in both directions, marked by processes of destabilization and growing insecurity.[32]

According to the current classification (70 to 150 percent of average equivalent income), 52.8 million Germans — or 65 percent of the population — still belonged to the middle class in 1997. This proportion has declined since, albeit more sharply in the East than in the West. 47.3 million people belonged to the German middle class in 2010, a decline of 6.5 percent. Significant here is not just the proportion of the middle class in quantitative terms, but also its internal stability and coherence. The upper segments of the middle class — particularly the large swathes characterized by "secure prosperity" — remain almost completely insulated from social turbulence and downward mobility.[33] Therefore, not the *entire* middle class is on the downward escalator. Nevertheless, as sociologist Steffen Mau argues, in the German context "that the middle class is shrinking at all is a completely new phenomenon, representing a break with the long prevailing model of growth and prosperity."[34] Within this unsettled middle class, we find further

31 Robert Castel and Klaus Dörre (eds), *Prekarität, Abstieg, Ausgrenzung. Die soziale Frage am Beginn des 21. Jahrhunderts* (Frankfurt: Campus, 2009); Klaus Dörre, "Prekarität — eine arbeitspolitische Herausforderung," WSI-*Mitteilungen* 5, 2005.

32 Cf. Vogel, "Soziale Verwundbarkeit."

33 Groh-Samberg and Hertel, "Ende der Aufstiegsgesellschaft?"; ibid, "Abstieg der Mitte? Zur langfristigen Mobilität von Armut und Wohlstand" in Nicole Burzan and A. Berger (eds), *Dynamiken (in) der gesellschaftlichen Mitte* (Wiesbaden: VS, 2010).

34 Steffen Mau, *Lebenschancen. Wohin driftet die Mittelschicht?* (Berlin: Suhrkamp, 2012), 61; cf. Münkler, *Mitte und Maß*, 56ff.

processes of polarization. Downward mobility is more frequent at its lower end, as previously stable groups on the fringes are caught in the maelstrom of neoliberal growth. The lower middle class (households with equivalent incomes between 70 and 90 percent of the median) has declined most, its share falling by 15 percent since 1997.[35]

Despite the comparative resilience of Germany's upper middle class, discontent is brewing as job prospects grow increasingly dim for large groups and a kind of "normal working insecurity" consolidates.[36] Demand for (highly) skilled labor remains high, but these groups of workers increasingly face competition between themselves. While their qualifications once guaranteed something resembling a position of privilege, the number of workers possessing their skills is rising along with the level of standardization in the work they perform. Even those who manage to adapt to the transformation of what Claus Offe calls the "work-centered society" are thus still compelled to accept greater insecurity.[37]

It is against the backdrop of these drastic shifts in the German economic model that the current fragmentation of the country's party system has unfolded. As society grows more complex and the old economic securities diminish, new political actors have emerged onto the electoral stage capturing various segments of a new, reconfigured polity. These parties force certain social issues onto the political agenda and exert pressure on the center, while further complicating the arithmetic of parliamentary coalitions by siphoning votes from both SPD and CDU. One result of this fragmentation has been the series of grand coalitions under Angela Merkel, as neither party can command the kind of majority necessary to govern alone or with one of the smaller parties. These new parties, and especially the success of the AFD, raise serious

35 Cf. Bertelsmann Stiftung (ed.), *Mittelschicht unter Druck?* 20ff.

36 Michael Vester and Christel Teiwes-Kügler, "Unruhe in der Mitte: Die geprellten Leistungsträger des Aufschwungs," WSI-*Mitteilungen* 60, no. 5 (2007): 237.

37 Cf. Berthold Vogel, *Wohlstandskonflikte. Soziale Fragen, die aus der Mitte kommen* (Hamburg: Hamburger Edition, 2009), 220.

questions about the stability of the country's political system over the medium-to-long term.

GEARED FOR STABILITY

Unlike the Weimar Republic, political competition in West Germany was generally oriented toward the center. This essentially consensus-oriented political culture stemmed from the fact that the postwar order's founding fathers equipped the system with a number of veto instances producing a centrist response to political challenges even during periods of sharp conflict.[38]

Strong levels of identification with the mainstream parties and their deep roots in civil society made it difficult for new formations to emerge. The system thus also proved relatively resistant to disruptions, though several nevertheless occurred. The anti-authoritarian revolts of the late 1960s and early 1970s loosened the country's structural conservatism as society liberalized itself under an SPD government — though it should be noted that the country's anti-socialist traditions continued to apply, with the repression of the radical left being the price society had to pay in exchange for liberal modernization.

Despite the drama of some social conflicts, this period was characterized by a contested democracy which successfully integrated the majority of society. The policies of the market-economy-oriented "system parties" enjoyed an extraordinarily high degree of legitimacy. Moreover, they were able to retain voter loyalty precisely because their respective political camp exhibited visible differences vis-à-vis the others. This dynamic began to change as the two major parties converged around a neoliberal consensus in the late 1990s, struggling to hold things together under rapidly changing conditions.

The consolidation of the Green Party in the early 1980s broke through the stability of the party system for the first time and injected

38 Klaus von Beyme, *Parteien in westklichen Demokratien* (Munich & Zürich: Piper, 1984).

it with the spirit of a domesticated 1968. Several other left-wing formations launched in the 1980s but foundered in the face of the party system's resilience. The belated establishment of a right-populist party in Germany ultimately represents little more than a temporal delay. Parties like Die Republikaner and the Deutsche Volksunion were able to score victories at the state level as early as the 1990s, their rise only "prevented" by the mainstream parties moving to the Right and agreeing to harsh restrictions on the right to asylum (and with it, immigration), thereby removing this conflict from the arena of political competition.[39]

The crisis of the German political system is primarily a crisis of the major parties Otto Kirchheimer described as "catch-all parties," which formed after World War II out of the pre-war ideological mass-integration parties.[40] For Kirchheimer, the decline of the old ideological mass-integration parties preceding the new major parties seemed largely inevitable. But he feared that democracy would grow dull and apathetic, warning that we "may yet come to regret the passing — even if it was inevitable — of the class-mass party and the denominational party."[41] In Germany, this day is now approaching.

First the socialist, denominational, and conservative parties were domesticated. The fusion of interests and ideas, of ideologies and social models was abandoned in favor of a de-ideologized pragmatism. The notion of power structures and even antagonisms in society was henceforth ignored, as parties no longer represented a specific clientele or stood exclusively for the interests of their members but rather focused on maximizing their votes in elections. The consensus vis-à-vis the responsibilities of state, the "common good," became a primary focus of both the CDU as well as the Social Democratic Party. This would initially prove quite favorable for both in the 1960s and 1970s. They

39 Cf. Ulrich Herbert, *Geschichte der Ausländerpolitik in Deutschland* (Munich: C.H. Beck, 2001), 315ff.

40 Cf. Otto Kirchheimer, "The Transformation of the Western Party Systems" in Joseph LaPalombara and Myron Wiener (eds), *Political Parties and Political Development* (Princeton, NJ: Princeton University Press, 1966), 177–200.

41 Kirchheimer, "Transformation of the Western Party Systems," 200.

continued to exhibit noteworthy ideological differences, but essentially remained parties of the welfare state well into the 1980s enjoying broad trust from the population. In 1969 the CDU/CSU and SPD collectively garnered 87 percent of ballots cast. In the 1972 and 1976 elections this number would rise to 90 percent.

The decline of the SPD is of particular importance to understand the current situation. Above all, the party has lost its ability to mobilize its traditional clientele, the broad working class. Two factors caused this: firstly, the internal self-modernization of its membership, and secondly — closely related to the former — the party's strategic orientation toward a set of politics that could be called "market social democracy."[42]

The Godesberg Party Congress in 1959 marked the SPD's transformation from a mass party of the broad working class to a reform-oriented "people's party." The Social Democrats bid Marxism farewell and came to terms with the market, but still sought to expand the welfare state on this basis. This orientation would prove most successful in the 1970s both in Germany and around Western Europe, but by the 1980s the conditions facilitating this success began to change. The industrial workforce not only decreased in size but also became culturally segregated; political milieus differentiated, the trade unions declined in significance, and mentalities grew more individualized. The traditional working class began to lose its paramount standing as a social class. It also became less important to the SPD's electoral majority, while the middle classes in turn rose in importance.

Initially, these developments did not pose a major problem — on the contrary. Living conditions improved for most workers until the 1970s and the SPD benefitted politically, as its policies were responsible for giving some sections of the working class the chance to climb the social ladder through education and hard work in the first place. Over time, however, this social advancement incurred an organizational cost, as more and more party members found themselves outgrowing

42 Oliver Nachtwey, "Market Social Democracy: The Transformation of the SPD up to 2007," *German Politics* 22, no. 3 (2013): 235–252.

the proletariat. They often came from working-class backgrounds but were increasingly no longer workers themselves. Ironically, its own success — the limited emancipation of some segments of the working class — cut the SPD off from the sources of its momentum and strength. This organizational and social drift compounded by economic difficulties at home and abroad eventually pushed the party to abandon the social-democratic components of market social democracy in practice, pushing neoliberal policies against the will of its traditional clientele and focusing overwhelmingly on the middle class.

This period was by no means shorn of political conflicts, some of which were quite intense. While the CDU/CSU projected itself as the champion of Atlanticist anticommunism against the student movement and the Eastern Bloc, the SPD spearheaded a new foreign policy seeking to ease tensions with the Warsaw Pact countries. After the 1968 wave of revolt broke, its residual elements in the 1970s would provide the Social Democrats with tens of thousands of new members, counting over one million while the CDU/CSU claimed nearly 800,000. On the whole, public engagement in party politics grew while others became active in citizens' initiatives or the Greens.

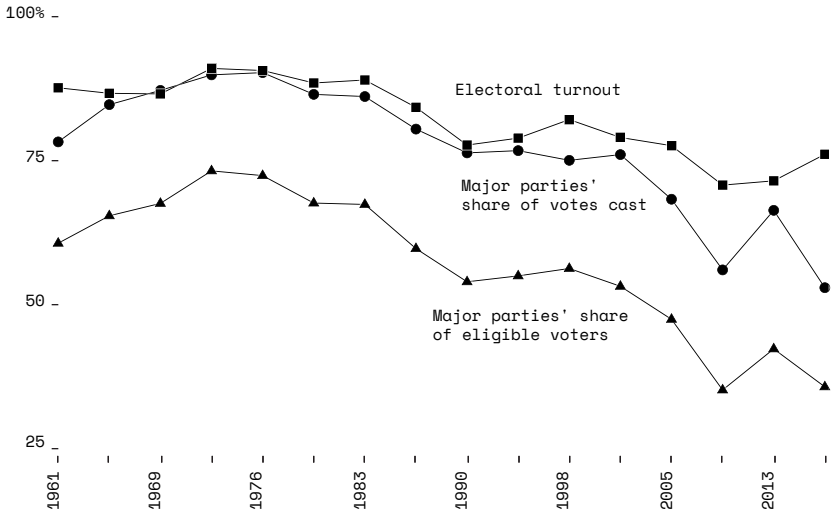
FRAGMENTATION AND RADICALIZATION ON THE FRINGES

The foundations of the current instability were first laid in 1982, after the coalition between the SPD and FDP fell apart and a new "black-yellow" coalition led by Chancellor Helmut Kohl shifted German economic policy toward a supply-side agenda. Leading the opposition, the SPD initially responded to the CDU's calls for welfare state cuts as a consequence of supply-side economics and the state budgetary crisis by turning left — at least internally. Unlike Tony Blair's Labour Party, Social Democracy's return to power was not preceded by significant moves to the right; the party won the 1998 federal elections with a fairly left-wing platform calling for wealth redistribution.

The first signs of real decay become evident in the 2002 elections, when the increasingly unpopular SPD only managed to win through its opposition to George W. Bush's war in Iraq and the sympathy it garnered during the biblical flooding of the Elbe River. Foreshadowing the years to come, 2002 also marked the first time that neither SPD nor CDU won at least 40 percent of the vote. A weakened Red-Green coalition held onto power, but the German economy slid into recession in 2003 and unemployment rose above 10 percent. Pushed by employers' associations and the media, political pressure to address unemployment by breaking with the German model of corporatism and a relatively generous welfare state (the dominant trade union integration model since the 1960s) grew more intense. Schröder seized the opportunity and announced the neoliberal shock therapy campaign known as Agenda 2010.

The Agenda ended up throwing more fuel onto what would become the smoldering tire fire of contemporary Social Democracy. Dramatic

G. MAJOR PARTIES' (CDU & SPD) VOTE SHARE IN THE GERMAN POLITICAL SYSTEM



Source: Historical data provided by the Federal Returning Officer, own calculations.

losses followed in subsequent state elections, further straining the party as a large segment of its membership decamped to launch a new electoral formation. Traditional SPD voters alienated by market social democracy grew increasingly detached from their political ties and open to alternatives. In the 2005 snap elections called by the SPD to prevent the consolidation of a new electoral left, the alliance between the "Electoral Alternative for Work and Social Justice" (WASG) and the primarily eastern Party of Democratic Socialism (PDS) received 8.7 percent of the vote and became the third-largest parliamentary group, dubbing itself *Die Linke* (The Left). The split in the SPD allowed the PDS to expand into a national left-wing force extending far beyond its previous milieus.[43] The three-party system of the 1970s now became a five-party system, while the growing fragmentation of the political landscape made forming coalitions more difficult. The SPD leadership moved further to the center than ever before and stubbornly clung to the "achievements" of Agenda 2010, while its significantly diminished electoral returns made a coalition with the Greens impossible without including the decidedly anti-Agenda 2010 Die Linke. Although the Christian Democrats won the 2005 election, they were also harmed by Angela Merkel's support for the wildly unpopular Agenda and failed to win an absolute majority. Both major parties were increasingly unpopular due to their association with neoliberal reforms, yet precisely this decline of the center served to make a series of grand coalitions between the CDU and SPD all the more functional.

After this debacle, Merkel understood that the neoliberal offensive had reached its initial limits. Luckily for her, German capitalism had recovered a bit since the mid-2000s and overall economic pressure subsided. In policy terms, this means that Merkel has not enacted any noteworthy social spending cuts since 2005 — not even between 2009 and 2013 in coalition with the stridently neoliberal Free Democrats.

43 Oliver Nachtwey and Tim Spier, "Political Opportunity Structures and the Success of the German Left Party in 2005," *Debatte: Journal of Contemporary Central and Eastern Europe* 15, no. 2 (2007): 123–54.

Grand coalitions in every parliamentary system have the paradoxical effect of reinforcing the cause of their emergence — namely, growth along the political fringes. Merkel artfully prevented the FDP from liberalizing any labor or social policy in the coalition. Having largely failed to pass any meaningful reforms the party went into freefall and failed to reenter parliament in 2013 for the first time in their history. Left with no alternative but to govern with the SPD, Merkel accepted (alongside marginal welfare-state re-regulations) the biggest social policy innovation since Agenda 2010: a nationwide, legally mandated minimum wage. The SPD acted as if it were responsible for the law — technically correct, as there had been some soft resistance from sections of the CDU — but actually Merkel had simply accepted that an economy with a large low-wage sector and weak trade unions (i.e., Germany today) needed a minimum wage to prevent the correlation between employment and poverty from growing too strong. The state footed part of the bill, as more than one million employed people still required state welfare to make ends meet.

Though the Social Democrats claimed victory, Die Linke had offered to help pass such a law countless times during the past two legislative terms. The party was repeatedly turned down by the SPD, which neither desired a coalition of the Left nor would entertain the notion of an alliance with its former leader, Oskar Lafontaine, who had since split and publicly attacked his erstwhile comrades. This predicament points to one of the greatest tragedies of the German postwar left: its inability to strategically exploit social and parliamentary majorities. The political parties of the Left commanded absolute majorities in terms of ballots cast in 1998 (53 percent), 2002 (51 percent), and 2005 (51 percent), but failed to make use of them. Such a majority has since slipped out of grasp and, perhaps as punishment, the Social Democrats have grown so weak that it now appears structurally impossible.

Yet the SPD's empty, boastful rhetoric does not change the fact that it remains stubbornly tied to the dogma of market social democracy, an

analytically shallow framework steeped in neoliberalism.[44] All chancellor candidates after Schröder's 2005 loss belonged to the party's right wing. Recently retired leader Sigmar Gabriel and the last candidate, Martin Schulz, also came from this camp.[45]

A double movement took place in the party system: while the SPD continued to conceive of itself as supporting market social democracy, the CDU moderated its more extreme positions in economic policy, cultivated a restrained image, and adhered to the corporatist tradition. It also began to liberalize on social questions: abolishing mandatory conscription, liberalizing family policies, boosting women's labor market participation, initiating a phasing out of nuclear energy, and instituting marriage for all. This provided the institutional logic of the major parties in the new millennium with renewed thrust, as old connections to organizations and lifeworlds grew thinner and the Social Democrats and Christian Democrats continued to converge.[46] Both parties have lost more than half of their members since the 1970s. The classical working-class milieus either modernized and were no longer loyal to the SPD by tradition or were driven away by disappointment. The CDU suffered from the crisis of organized religion, but small businesspeople and traditional conservatives also began to turn their backs. Paradoxically, the more intense social polarization became, the stronger the major parties were pulled toward the center, fearing that paying more attention to the underclasses would fail to yield electoral benefits.[47]

What Kirchheimer predicted fifty years ago has become reality in the twenty-first century. Only now are the major parties truly catch-all parties, primarily focused on occupying the center after abandoning

44 Oliver Nachtwey, "Market Social Democracy: The Transformation of the SPD up to 2007," *German Politics* 22, no. 3 (2013): 235–52.

45 Oliver Nachtwey, "Last Chance, SPD," *Jacobin*, August 15, 2018.

46 Franz Walter, *Im Herbst der Volksparteien? Eine kleine Geschichte von Aufstieg und Rückgang politischer Massenintegration* (Bielefeld: transcript, 2009).

47 Winfried Thaa and Markus Linden, "Issuefähigkeit — Ein neuer Disparitätsmodus?" in Markus Linden and Winfried Thaa (eds), *Ungleichheit und politische Repräsentation* (Baden-Baden: Nomos, 2014), 53–80.

their former clientele and political values. The mainstream parties today are driven solely by the retention of power.[48] Not only have ideological differences largely vanished, but a shared consensus of liberal market economy and liberal social policy has emerged. Politics disappears in this consensus culture insofar as fundamental questions or orientations are no longer at stake, but rather only gradual, small matters of interpretation. In Germany as elsewhere, however, this consensus also reopens the system's political fringes. Merkel's political style perhaps had a sedative effect in the short term, but fourteen years into her reign the fragmentation of the party system is unmistakable.

Until recently, the FDP and Greens profited from this development only marginally as they both represented parties of the (better-off) center.[49] They remained clientele parties insofar as the liberals tend to represent petit bourgeois and neoliberally inclined milieus of independent businesspeople, while the Greens represent the post-materialist milieu of highly educated service classes. Die Linke was only able to fill the gap in the party system temporarily. Under the leadership of Oskar Lafontaine and Gregor Gysi, two of Germany's few charismatic politicians, it managed to appear as the central opposition party and only serious force challenging the establishment. The two have since stepped down, and the party — as a fusion of starkly different currents — has struggled to develop a coherent popular profile since.[50]

Die Linke helped to channel social resentment to the Left in its first years but is increasingly unable to mobilize groups who no longer feel represented by the political establishment. The existence of ever more uncommitted voters who more than anything just want to cast their ballot against the establishment was evidenced by the brief success

48 Peter Mair, *Ruling the Void? The Hollowing of Western Democracy* (London: Verso, 2013).

49 Franz Walter, *Gelb oder Grün? Kleine Parteiengeschichte der besserverdienenden Mitte in Deutschland* (Bielefeld: transcript, 2010).

50 Oliver Nachtwey, "Die Linke and the crisis of class representation," *International Socialism* 124 (2009): 23–36; Loren Balhorn, "Die Linke: Ten Years On," *Jacobin*, June 23, 2016.

of the Pirate Party in the early 2010s. While Die Linke stagnated, the Pirates managed to enter several state parliaments.[51] Largely preoccupied with technocratic digital fixes to social problems and too incoherent to gain traction, it soon became clear that it would not succeed as a sustainable anti-establishment force and fell apart. A few members later joined Die Linke.

CRACKS IN GERMAN EUROPEANISM

Germany consolidated its already unique position in the eurozone in recent decades, where its strong position yields cumulative economic returns. While the austerity imposed on countries like Greece by Merkel's previous finance minister Wolfgang Schäuble aided the expansion of German capital (such as the selling off of numerous Greek airports to German companies), domestic austerity functioned as a means by which to slow wage growth and thereby strengthen German competitiveness vis-à-vis its European neighbors. Germany actually *earned* money off the Southern European debt crisis, while also using the European Central Bank's low interest rates to lower its refinancing costs. The German government, however, was forced to pay a price, as the debts of the European crisis countries were partially generalized at the European level, imposing greater risk on Germany.

This in turn led to several conflicts within the conservative camp, where representatives of an old-school Deutschmark nationalism argued that the "rescue" of the crisis-stricken countries — despite Schäuble's draconian savings targets — constituted too great a risk. This segment of society successfully mobilized concerns around Germany's financial bailout guarantees and triggered fears of weakening Germany's international competitiveness and a kind of "expropriation" of German savings through the ECB's low interest rates, stirring up popular anxiety about the country's economic and political sovereignty. It was here that

51 Alexander Hensel, Stephan Klecha, and Walter Franz, *Meuterei auf der Deutschland: Ziele und Chancen der Piratenpartei* (Frankfurt am Main: Suhrkamp, 2012).

the AFD was born — decidedly before the refugee crisis.[52] Beginning in 2015, that "crisis" was merely one element accelerating the party's mutation into a right-populist formation and its subsequent success, drawing on widespread preexisting prejudice across German society.[53]

The refugee crisis also revealed the country's polarization. Initially Germans displayed their humanitarian side — the "welcoming culture" of a pro-refugee movement from below in which millions of people participated in one form or another. The welcoming culture movement represented a broad segment of the population, but was simultaneously determined by structures of social class. A relevant part of the movement was based in the middle classes, for whom refugees represented no competition on the labor market nor moved into their neighborhoods. More importantly — and relevant to understanding the current polarization — these groups were generally less affected by the domestic austerity implemented by the German welfare state in recent decades.

The spontaneous humanitarian movement was certainly also one reason why Merkel, who had learned to orient her policy toward social majorities, refused to accept a refugee cap for so long. She calculated that this would constitute a lose-lose situation and that she could better control and limit the losses to her right than the possible loss of power through a breakdown of the coalition caused by closing the border. Her strength until that point had rested on her pivot to the center, and this time she was disinclined to abandon her stance under external pressure. It would appear that she was at least somewhat convinced of the humanitarian aspects of her actions[54] — but only somewhat, for it was not always the case that Merkel felt stirred by noble-hearted humanitarianism. After all, she was fairly open to the US invasion of Iraq along with her finance minister Wolfgang Schäuble.

52 Sebastian Friedrich, *Der Aufstieg der* AFD. *Neokonservative Mobilmachung in Deutschland* (Berlin: Bertz+Fischer, 2015).

53 Wilhelm Heitmeyer, *Deutsche Zustände. Folge 1–10* (Frankfurt am Main: Suhrkamp, 2002–2012).

54 Robin Alexander, *Die Getriebenen: Merkel und die Flüchtlingspolitik* (Munich: Seidler, 2017).

She also took other more pragmatic considerations into account, seeing Germany as a leading nation obligated to save the European common market and the political integration of the continent. As other European countries and the Visegrad states in particular began to close their borders, it fell to Germany to take in most of the refugees prior to Merkel reasserting the Dublin Regulation and pushing through a deal with Turkey. After the initial crisis subsided Merkel enacted additional restrictions to German asylum law, yet remained fairly moderate compared to other European states.

Significant portions of the political establishment and media shifted to the right after the crisis, as a new line of conflict began to emerge running straight through the traditional political camps. Initially, Merkel had a majority of Germans on her side but struggled to hold onto her own party. She also received support from political opponents, with even Die Linke acknowledging her willingness to hold out against growing public and party pressure. In the meantime, the AFD began to effectively mobilize those segments of society that not only rejected the welcoming culture but generally feared society was being overwhelmed by "foreign infiltration." Members of the lower middle class, the underclass, and populations outside of urban centers were particularly receptive to such a narrative. For those who had spent the last years living under a regime of economic and political austerity, the refugee movement also posed the question of redistribution. Stagnating and even declining real wages, low rates of investment in roads and bridges, and ailing public infrastructure drove many to view the refugee crisis as (also) a distribution conflict. Merkel and the political elites, however, clung to the political semantics that Germans had "never had it so good."

This discrepancy was strategically exploited by the AFD, which increasingly integrated anti-Muslim sentiment into its discourse. As in many Western democracies where the revolts of 1968 had a lasting impact on political culture, the party's rhetoric focuses on the decay of social values, the decline of the West, and the disappearance of the middle class. The AFD not only attracted nationalistic CDU members

who felt alienated from their party by Merkel's centrism, but also drew in all kinds of well-heeled fascists who saw the AFD as a new platform beyond the largely ineffective and discredited National Democratic Party (NPD).

BERLIN IS NOT BONN

A common saying in West German public life was "Bonn is not Weimar," modified to "Berlin is not Weimar" after reunification. Political institutions pursued moderate policies in a culture shaped by a continuously contested democracy, albeit one in which the open rejection thereof common in the Weimar Republic was practically absent.[55] This has since changed. The four-party system of the 1980s is now a six-party system, as the AFD's arrival in the Bundestag marks a new degree of fragmentation. A nervous, agitated mood has entered political life. For the first time in over sixty years, fascists are in parliament and public resentment of parliamentary democracy is widespread. Berlin may not be Weimar, but it is certainly not Bonn.

Generally speaking, the country faces a crisis of representation and widespread dissatisfaction with the two major parties. This has intensified political differentiation along the system's fringes and ultimately brought forth a populist constellation that primarily lives off attacks on parliamentary democracy. It is a tragic paradox: by removing socioeconomic policy from the realm of political contestation and presiding over decades of an unpopular neoliberal consensus, the democrats of the radical center brought forth the very forces that now threaten their power. At the risk of oversimplifying things, it seems safe to conclude that this post-political consensus ultimately served as the soil in which right-wing populism could blossom.

The parties of the grand coalition continue to pursue moderate, liberal economic policies — though they have given in to national and

55 Cf. Manfred G. Schmidt, *Das politische System Deutschlands* (Munich: C.H. Beck, 2007).

international pressure and sharpened immigration laws. They also plan to deepen the eminently neoliberal project of European fiscal and economic integration.[56] And yet, while changing almost nothing in terms of substance, they also frantically try to revitalize their public image. This has been most evident in the CDU, which deposed its parliamentary leader Volker Kauder in late September before crushing electoral defeats in Bavaria and Hesse prompted Merkel to announce she would step down as party chair. The ensuing three-way competition to become her successor between Jens Spahn and Friedrich Merz from the party's right wing and the comparatively centrist Annegret Kramp-Karrenbauer was by far the most factitious and divided in party history. Kramp-Karrenbauer ultimately emerged the new party leader in early December, but only managed to win 51 percent of delegates' votes even in the second round. The polarization of the German electorate is now reflected in the make-up of its ruling conservative party, and speculation of Merkel's early departure is rife.

The SPD now promises to renew itself *in government*, and sent chairperson and frontrunner Martin Schulz along with ex-foreign minister Sigmar Gabriel into political retirement. But not a single figure from the SPD left — no one who would oppose another round of government participation — entered the "renewed" party leadership. The new chair, Andrea Nahles, is a domesticated ex-left-winger and the sole member of the leadership who does not explicitly belong to the right wing. The new finance minister Olaf Scholz, who made a name for himself as an illiberal law-and-order politician while serving as mayor of Hamburg and maintains a questionable relationship to the truth, assumed the role of Wolfgang Schäuble's worthy successor. He eagerly embraced austerity, took on his predecessor's state secretary, and appointed the head of Goldman Sachs Germany as his second general secretary. A renewal of the catch-all parties is thus not in sight, despite recent SPD overtures towards softening some of Agenda 2010's sharper edges.

56 Susan Watkins, "The Political State of the Union," *New Left Review* II 90 (2014): 5–25.

Over twenty years ago, conservative German systems theorist Niklas Luhmann assumed that the economic ruptures of a globalized world would make it necessary to found a "party for industry and labor."[57] While French president Emmanuel Macron's En Marche formed precisely such a party on the ruins of the French system, the grand coalition in Germany essentially functions in the same way — it just happens to consist of two independent factions joined together against their will. It is thus little surprise that practically all German trade union leaders expressed their support for the renewed grand coalition. This consensus between industry and labor integrates the most important institutional actors, but potentially accelerates the erosion of the catch-all parties and the trade unions themselves. Time is not on labor's side: the decline of the SPD also means the decline of labor's main representative in electoral politics, while the neoliberal restructuring inaugurated by the SPD eats away at the social base and functions of the unions themselves. If German labor is to stave off irrelevance and remain a powerful social actor, it will have to emancipate itself from the old corporatist model and become an independent, confrontational force in German politics.

Regrettably, the decline of the catch-all parties has not led to significant growth of the political left. Die Linke, whose electoral performance seems to have stabilized at 8–10 percent, manages to hold its own on difficult political terrain but remains caught in a state of transition and failed to capitalize on social instability as successfully as the Right. As the SPD implodes and the Greens grow more interested in governing with a liberalized CDU, Die Linke has few options in federal parliament but principled opposition. This traps it in a degree of irrelevance, with no viable pathway to shaping government policy and little to offer an electorate more interested in immediate results than long-term visions.

In relative terms its base has shifted from the east to the urban centers of the West, while it also serves as a party of government in

57 Niklas Luhmann, "Wir haben gewählt," *Frankfurter Allgemeine Zeitung*, October 22, 1994.

three eastern states. This entails certain contradictions for the party on the national level, where it faces the challenge of formulating a left-wing migration and asylum policy while a segment of its core clientele appears to cultivate a fairly critical attitude toward the welcoming culture. At the same time, any government participation would inevitably entail accepting certain tenets of immigration and asylum law. This tension, of which parliamentary co-chair Sahra Wagenknecht's "Aufstehen" initiative is but one expression, currently animates many of the debates in the party.

In the east, Die Linke is still a mainstream party capable of bringing in a fifth of the vote or more and has participated in center-left coalitions on and off for decades. In the west, it largely remains a fringe left party with seats in half of the western state parliaments. These two wings are stitched together in Berlin by a leadership of permanent compromise between both east and west as well as left and right — lines which do not always overlap neatly. Oftentimes, these compromises and conflicts seem to overwhelm the leadership's ability to focus the party on key strategic fights or tasks, and it struggles to distinguish itself in the fragmenting landscape.[58]

Though Die Linke has made some modest gains in the cities and appears to be developing a constructive relationship to the conflicts emerging in the low-wage sector, these represent small shifts at the grassroots level at a time when the landscape of high politics is undergoing dramatic transformations. For many in and outside of the party, this growth is too incremental given the rise of the Right. This impatience — as well as the undeniable gulf emerging between the majority of the leadership and Sahra Wagenknecht's supporters — has provided the impetus for Aufstehen, a cross-party coalition platform campaigning for center-left social policies. [59] Headed up by Wagenknecht and several prominent intellectuals including Wolfgang Streeck, the initiative's

58 Ingar Solty interviewed by Jerko Bakotin, "Talking About Power," *Jacobin*, January 5, 2019.

59 Sahra Wagenknecht, "Standing Up to Merkel," *Jacobin*, October 11, 2018.

openly reformist orientation emphasizing the economic sovereignty of the nation state as well as its protagonists' critical opinions on refugee policy and unrestricted migration provoked a great deal of criticism from the Left. Following a few weeks of intense media attention, the project has yet to exhibit any significant political traction and its future remains unclear. Its most prominent supporter in the SPD, Marco Bülow, recently resigned from the party, and the chances of effecting a shift to the left sthere appear increasingly dim.

Though most of the party leadership has distanced itself from Aufstehen, party co-chair Katja Kipping is conducting her own efforts to open dialogue with the other center-left parties and speaks of the need for "new left majorities."[60] This interest in a new center-left coalition is understandable given developments on the other side of the aisle. The CDU has responded to the AFD's rise by pivoting away from Merkel's centrism, and it seems to only be a matter of time before the grand coalition is replaced by a coalition of the Right — first at the state level, and later in the federal government. The first major test will take place this September and October when the eastern states of Brandenburg, Saxony, and Thuringia hold elections. Current polls put the AFD in second place in all three states with grand coalitions almost impossible. Regardless of the precise outcome, there is little reason to believe this constellation will be favorable to the Left.

Given the weakness of its European neighbors, Germany will likely remain hegemonic in the EU for the foreseeable future. Emmanuel Macron's efforts to retool the union's structures are impossible without German support, and any hopes for an alliance of center-left governments across the continent appear to be have been extinguished with the Syriza government's capitulation to the institutions in 2015. Yet with Brexit looming and political polarization rising across the continent, the kind of stability Germany presided over in the 2000s has definitively come to an end.

60 Katja Kipping, "Eine linke Mehrheit ist möglich," *Frankfurter Rundschau*, October 6, 2018.

Although this new instability has led to a shift of the political system to the right, it is far from a foregone conclusion. As much is evidenced by the sudden popularity of the Greens, the surprising political beneficiary of public alarm at the rise of the AFD.[61] The Greens' political malleability may allow them to restabilize the center for a few years, but the underlying trend towards fragmentation and instability shows no signs of abating. Given how fragile and polarized the political system has become, even sudden and unexpected breakthroughs from the Left are theoretically possible. What form such a breakthrough could take, however, remains anybody's guess.

Parts of this article are based on statistics and analysis from Oliver Nachtwey's recent book, *Germany's Hidden Crisis*.

61 Loren Balhorn, "The strange rebirth of the German Greens," *New Statesman*, January 30, 2019.

The victory of the Tehreek-i-Insaf (PTI) in Pakistan's general elections remains underexplored. Some argue it marks a populist rupture in a previously static political sphere, while others see it as yet another assertion of the dominant military in its propping up of a pliant civilian government. This essay argues that PTI's win needs to be understood at the intersection of these two trends: a combination of the politically constitutive influence asserted by state institutions, along with the party's articulation of an uneasy coalition between the newly mobilized middle classes and traditional elites, under the populist rhetoric of a "revolutionary" anti-corruption politics. However, the contradictions of this coalition and the passive incorporation of subaltern classes through traditional politics mean that this victory should be viewed as accelerated continuity, rather than change, in Pakistan's elite-dominated political sphere.

CONTINUITY AND CHANGE IN *NAYA* PAKISTAN

UMAIR JAVED

On July 25, 2018, 53 million Pakistanis cast their votes in the country's eleventh general election since 1970, and its third in just over a decade. Polls were held simultaneously to elect 272 legislators to the lower house of parliament, the National Assembly, and 593 legislators to 4 unicameral provincial assemblies. The results signified an apparent shift in the country's electoral landscape, as the center-right Pakistan Tehreek-i-Insaf (PTI), led by anti-corruption crusader, and former cricketer and philanthropist, Imran Khan, emerged as the largest party in the National Assembly for the first time in its twenty-two-year-long history. The previous incumbent, three-time prime minister Nawaz Sharif's party, the Pakistan Muslim League-Nawaz (PMLN), was ousted from both the center after a single five-year term in power, and, more surprisingly, from its stronghold of Punjab Province, where it had led the government since 2008.

Despite falling short of a simple majority, the PTI attained the required numbers to form a government with the help of smaller

regional parties, paving the way for Imran Khan to be sworn in as Pakistan's twenty-second prime minister on August 18, 2018.

The PTI's victory and Khan's ascension to the top of the electoral summit signalled several firsts in Pakistan's electoral history. This was the first time the PTI had won nationally, and the first time its leader Imran Khan had taken up any executive office. This was also the first time in ten party-based general elections — since Pakistan's first in 1970 — that a party not named the Muslim League or the Pakistan Peoples' Party (PPP) was leading the central government.[1] And notably, it was the first time in the country's seventy-one years of military-dominated existence that two successive transfers of power had taken place between civilian governments.[2]

What explains the PTI approximately quadrupling its National Assembly seat haul from 35 in 2013 to 149 in 2018 and doubling its national vote-share from 16 percent to 32 percent during a five-year period? Making this rise more notable is that the PTI's emergence to mainstream electoral prominence has taken place during a relatively short period. The party's rise as a viable third party can be traced back to a large *jalsa* (public rally/event) held in October 2011 in the country's second-biggest city, Lahore. For much of its existence prior to the Lahore *jalsa,* the party remained a marginal outsider, having won only one National Assembly seat in its first three general elections.

Accounts of PTI's win that view it as a rupture in the political sphere trace its success to the telegenic celebrity status of Imran Khan, and his populist slogan to create a *Naya* (New) Pakistan, which positioned his party against the corruption and poor governance of rival parties and their entrenched elites. Of significance within this formulation is an

1 Pakistan's third general election, in 1985 under General Zia-ul-Haq's military regime, were held as party-less polls.

2 The latest phase of Pakistan's democratization can be traced back to the 2008 elections, with victory of the PPP and the ouster of the former dictator, General Pervez Musharraf, following extensive pro-democracy mobilization. After completing its five years in office, the PPP was defeated by PMLN in 2013, which marked the first transfer of power between two democratically elected governments in Pakistan's history.

identification of PTI's core support base: the rapidly expanding urban middle class, and in particular, the urban youth in a country where 65 percent of the population is under the age of thirty-five. The party is thus seen as both articulating and reflecting the anti-corruption frustrations of this particular demographic, and its victory a signifier of a new middle-class hegemonic ideal within the sphere of popular politics.

The focus on middle-class-led popular disenchantment with the status quo has emerged in lockstep with key events in the pre-election period. The biggest of these was the Supreme Court-sanctioned disqualification and conviction of Imran Khan's main rival, the PMLN leader and Pakistan's former prime minister Nawaz Sharif, in a corruption scandal ignited by the Panama Papers leak just a year prior to the election. The conviction in a case that was doggedly pursued in the courts and on the streets by Khan and the PTI is thus seen as the trigger that shifted popular sentiment towards a party that has historically privileged anti-corruption as its campaign platform.

However, this view is challenged by explanations that privilege continuity over rupture, and cite the election outcome as a consequence of historical institutional fault-lines between civilian political actors — like Sharif and his party — and the country's powerful military. With a past checkered with praetorian preeminence, Pakistan's ongoing phase of democratization — now in its eleventh year — remains plagued by civil-military tussles. The military continues to exercise considerable sway on policymaking and party behavior and has added to its repertoire by cultivating soft power through transactional ties with major print and electronic media outlets.

The latest assertion of the military's political power has come against a politician long perceived to be a threat to their preeminence. Despite having once been a staunch ally of General Zia-ul-Haq's military regime, Sharif developed several conflicts with the military in earlier terms as prime minister. One tussle cost him his first government in 1993, and another resulted in his second ouster in a military coup led by General Musharraf in 1999, which led to eight years of exile for him and his

family, and the fracturing of his party. Upon his long-awaited return to office in 2013, Sharif immediately attempted to exercise control over foreign and domestic security policy, specifically by pursuing the normalization of ties with India and initiating a treason trial against former dictator General Musharraf. When viewed from the institutional lens, Sharif's conviction and disqualification, which made a PTI victory possible in July 2018, can be seen as an outcome of the military cutting him down to size and protecting its interests through a favored party, the PTI, and an allied Supreme Court.

These rival accounts of recent events in Pakistan emphasize different components within the political process to denote continuity or change. But precisely because of this, they apprehend only parts of the whole — the variegated structural and institutional currents — that have helped produce the current moment. This essay attempts to rectify this shortcoming by presenting a more integrated account of the PTI's victory. I argue that continuity can most visibly be identified through the military's persisting and constitutive influence in the political sphere. Throughout the country's history, military elites have attempted to shape politics through the deployment of legal means and extra-legal coercion on civilian political actors. Therefore, without an appreciation of the institutional role of unelected state organizations like the military and judiciary, the PTI's victory in 2018 and the PMLN's downfall within this phase of democratization cannot be fully explained.

Simultaneously, what can be labelled as new in PTI's rise to the top is Imran Khan's particular brand of populist politics that has helped articulate a coalition between traditional elite fractions and the new urban middle classes within the confines of procedural democracy. However, to make sense of this phenomenon, both the coalition and the discursive politics of anti-corruption that color it need to be situated within the socioeconomic transformations of urbanization and middle-class expansion bred by Pakistan's three-decade-long experience with neoliberal modernization.

Overall, the self-proclaimed "revolutionary" aspect of the PTI's *naya* Pakistan can best be understood as an acceleration of a three-decade-long passive revolution, brokered either alternatively, or — as it is after the PTI's win — jointly by the military and mainstream political parties, wherein the popular classes have been incorporated under the larger project of neoliberalism capitalism. To appreciate this aspect, one needs to look no further than the nature of subaltern electoral participation in the 2018 polls, which was premised on the same elite-brokered logic and mechanisms seen in previous elections.

A FAMILIAR ROUTE TO *NAYA* PAKISTAN

To contextualize the PTI's political rise, it is worth recapping key events within Pakistan's ongoing phase of democratization. This phase is traced back to November 2007, when a series of protests broke out over the arbitrary removal of a Supreme Court judge by the military regime of General Pervez Musharraf. While the movement initially emerged as a corporatist affair, led by lawyers and anti-regime sections of the judiciary, it gained support from opposition parties such as the PMLN — whose government Musharraf had deposed to step into power back in 1999 — the PTI, and the center-left PPP. In February 2008, after several months of opposition protest, worsening economic conditions due to the global recession, and escalating violence from a growing Islamist insurgency, Pakistan went to the polls in what was widely seen as a referendum on the regime.[3]

While the PTI boycotted the elections questioning their legitimacy, Musharraf and his allies in the handcrafted Pakistan Muslim League-Quaid (PMLQ) suffered a resounding defeat, with PPP stepping into power as the largest party nationally, and the PMLN winning office in the most populous and politically salient province, Punjab.[4] The

3 The spate of Islamist attacks in the run-up to the election included the assassination of PPP leader and former prime minister Benazir Bhutto on December 27, 2007.

4 With just over 50 percent of the country's population, Punjab hosts 143 out of 272

subsequent five years marked an eventful political period as the PPP-led coalition government secured important democratic gains by initiating long-overdue decentralization and a recalibration of center-province relations, and improved fiscal federalism by creating a more equitable formula for dividing tax revenue among the provinces.[5] However it also battled the fallout of a global recession, a series of corruption scandals, a crippling energy crisis, and pervasive violence inflicted by anti-state Islamist insurgents based mostly in the restive northwest areas bordering Afghanistan.

By mid-2011, harsh economic conditions perpetuated mass resentment against the incumbent PPP government, especially in the urbanized province of Punjab. The growing anger, vocalized in large parts by a fiercely critical television news media sphere, provided an opening to Imran Khan to stage a political comeback on an anti-corruption platform. Posing as a populist "clean" antidote to traditional political elites in both the PPP and the PMLN, Imran was able to draw in surprisingly large crowds in political gatherings across the country, including unprecedented numbers from the historically apolitical middle and upper-middle classes. It was this particular phase of mobilization that firmly marked the PTI's entry as the third major party in national political contention. The party's electoral credentials were further bolstered in this time by the entry of a number of political elites, from the rural landed class in particular, who had been sidelined or ignored by other mainstream parties.

Despite its initial success in drawing large crowds and capturing the attention of an expansive private media sphere, the PTI's performance in the 2013 general election was quite poor. It was only able to win

directly elected seats in the National Assembly. Thus, winning a majority in Punjab is crucial to winning a majority nationally.

5 Both outcomes — the eighteenth constitutional amendment and the seventh National Finance Commission award — were part of an elite-led consensus among the PPP and PMLN leadership to curb the military's historical influence, do away with centralization of authority and constitutional amendments introduced by military regimes, and improve interprovincial and interethnic trust by distributing more federal government resources to subnational governments.

thirty-five seats in the National Assembly and won just enough in the northwestern province of Khyber-Pakhtunkhwa to cobble together a provincial government in coalition with Pakistan's oldest Islamist party, the Jamaat-e-Islami. The incumbent PPP too suffered a resounding defeat in most parts of the country, leaving it confined to its home-base of rural Sindh. As it turned out, the real winner of the elections was the Nawaz Sharif-led PMLN, which swept more than three-fourths of all seats in Punjab and secured a large majority at the center.[6] Their victory was made possible by two major factors: a campaign singularly focused on ending the energy crisis and kick-starting the economy, which carried cross-class and cross-region appeal; and its use of experienced, patronage-wielding candidates, belonging to the landed and agro-commercial elite in rural areas, and influential businessmen in urban areas.[7]

However, the sense of stability that came with a large electoral mandate was short-lived. Within just a few months of the PMLN government taking charge, the PTI initiated street protests accusing the ruling party of rigging the 2013 elections. By mid-2014, these protests culminated in a 126-day sit-in in the federal capital, Islamabad, by thousands of party activists under Imran Khan's leadership. Periodic rioting, breakdown of talks among the political leadership, and the threat of violence between police personnel and opposition activists left the government no option but to turn to the military to broker an end to the crisis. This provided the latter to reassert its authority over the political sphere and weakened the sitting government, which ruling party politicians argued had been the original intent of the protests.[8]

6 The PMLN received 14 million votes, double that of its closest challenger, the PTI. Its total seat count in the 342-seat National Assembly (272 directly elected and 70 indirectly elected women and minority members on reserved seats) was 188.

7 Analysis of PMLN's National Assembly candidates for the 2013 election shows that 86 percent had previously won elections (many with other parties) and had served as provincial or national legislators.

8 PMLN leaders and sections of Pakistan's political commentariat openly stated that the PTI was working as a junior partner with the military to further a collective political agenda. Throughout the sit-in, there were frequent assertions, including some by PTI dissidents, that the military's powerful Inter-Services Intelligence (ISI) agency was

While the PMLN government's position vis-à-vis the military worsened, lower inflation due to falling oil prices, an artificially overvalued rupee that boosted aggregate demand in the economy, and a reduction in energy shortages due to increased Chinese investment in the power sector meant that its popularity, and thus political superiority, over the PTI remained in place.[9] In late 2015, it swept local government elections in the key province of Punjab, winning thirty-five out of thirty-six districts, and taking control of city councils in all major urban centers of the province. By early 2016, Sharif's own approval ratings peaked at 55 percent.[10]

However, the seeds of the PMLN's eventual electoral decline were sown soon after, when on April 3, 2016, the Panama Papers leak revealed Nawaz Sharif's two sons, Hassan and Hussain, and his daughter, Maryam, as beneficiary owners and shareholders of two offshore companies. These companies in turn controlled four apartments in London's Avenfield House, located in the metropolis's ultra-high-end Park Lane neighborhood. The apartments were acquired at least a decade earlier and had subsequently been used as collateral to raise over $12 million in loans for other businesses.

The leak proved to be a godsend for Sharif's opponents, most notably Khan and the PTI. Having suffered a resounding defeat by the PMLN in the recently held local government elections, the exogenous revelation of luxury apartments and their shadowy connection to the Prime Minister provided a new pathway for Khan to claw back some political attention and embark on another round of anti-corruption protests.

What ensued in the months following the leak were familiar signs of a political crisis, with an intransigent and, at times, brazen prime minister and a stubborn opposition laying its foundations. Between

backing the protests and forcing politicians from other parties to join the PTI.

9 China's economic footprint in Pakistan expanded rapidly between 2014 and 2018, with the advent of the China-Pakistan Economic Corridor (CPEC), which saw the initiation of Chinese financed infrastructure projects of upwards of 50 billion USD.

10 RJ Reinhart, "Sharif's Indictment Risks Confidence Gains in Pakistan," *Gallup*, October 31, 2017.

April and December 2016, politicians from both parties traded barbs in Parliament and on television news media, while the PTI made several attempts at locking down the capital city, Islamabad. With familiar chatter of military interference resurfacing periodically, the Supreme Court of Pakistan intervened under expansive public interest powers granted to it by the country's constitution and took up the opposition's request to investigate the affair.

In its inquiry, the Court asked Nawaz Sharif and his family to present a money trail that led to the flats in London. In response, Sharif's submissions included a variety of oral accounts about the family's historical wealth, a few documents from Gulf-based business concerns set up by members of the family over the years, and a letter by Qatar's former prime minister, Hamad bin Jassim bin Jaber Al Thani, stating that his father had engaged in business relations with Sharif's father, and the apartments were purchased as the settlement of past financial affairs. The Court deemed all of it insufficient.

On April 20, 2017, the Court ruled that Sharif and his family members had not been able to provide a satisfactory explanation for their wealth. Two judges on the five-member bench recommended that the Prime Minister be disqualified immediately for being untruthful and likely corrupt, while three overruled their colleagues (for the time being) and said that further investigation through a Joint Investigation Team (JIT) was required to ascertain the source of the family's wealth. Pointedly, the Supreme Court ordered that given the lack of autonomy of civilian investigation and accountability institutions, the JIT would include "impartial" representatives from the military's two intelligence agencies, Military Intelligence (MI) and Inter-Services Intelligence (ISI).

The military's formal entry into the affair served as proof of the underlying institutional tussles at play, a sentiment that gained considerable traction once the JIT's findings were published three months later. Concerns about bias and conspiracy gained justified traction due to the accusatory language used in passages throughout the report. Its coverage of the Prime Minister's financial history was also suspiciously

detailed for a report compiled in such a short period of time, and it was clear that it had drawn extensively on evidence and testimonies accumulated through cases filed against Sharif under General Musharraf's military regime by the anti-graft body, the National Accountability Bureau (NAB).[11]

Once the findings were made public on July 28, 2017, the Supreme Court's final verdict put Nawaz Sharif's name on the long list of deposed Pakistani prime ministers for a record third time. Sharif fell ten months short of becoming only the second prime minister in the country's history to see through a full five-year term in office.

The shadow of a judiciary-military conspiracy loomed even larger when it became clear that the disqualification of Sharif was not directly connected to corruption charges or the apartments revealed by the Panama Papers leaks, but instead on a technical hinge: Sharif had concealed a sum of 10,000 dirhams (roughly USD 2,700) from his election nomination form, which he had accumulated as the chairperson of his son's business venture in Dubai. In the eyes of the five Supreme Court judges hearing the case, this act of what they deemed as purposeful deceit meant that Sharif no longer met the Islamic morality standards for being an elected member of Parliament, as enshrined in Article 62(1-f) of the Constitution.

Following the disqualification, the judiciary delivered two more blows to PMLN's electoral fortunes. First, the Supreme Court ruled in February 2018 that a person who failed to meet the moral standards of holding elected office was also unfit to hold the leadership of a political party. This meant that in the space of eight turbulent months, Nawaz Sharif lost both the prime ministership of the country and the presidency of the PMLN.[12] Secondly, on July 7, 2018, just two weeks ahead

11 Musharraf, like all previous military dictators, had created the National Accountability Bureau (NAB) under anti-corruption pretexts and used it to victimize opposition leaders and coerce members of their parties into switching sides.

12 Following Sharif's disqualification, a Sharif loyalist and federal minister for petroleum and natural resources, Shahid Khaqan Abbasi, was elevated to the Prime Minister's office for the remainder of the government's tenure (until May 2018). In the

of the general election, an accountability court convicted Sharif and his daughter (his chosen political heir and the principle campaigner for the PMLN) for holding assets beyond declared means of income and sentenced them both to prison.

The PTI emerged as the biggest beneficiary of the judiciary's decisions against Sharif and his family. In the weeks ahead of the election, the perception that PTI had secured the backing of the military (as signalled through the courts) was sufficient to encourage a number of entrenched political elites to join the party. Most notably, a large bloc of landed elites from southern Punjab, serving as PMLN legislators at the time, defected *en masse*, raising the party's electoral prospects. By mid-July, all major opinion polls had both parties polling equal, with the PTI having covered a ten-point gap in the space of six months.

Given the series of events leading up to the election, the PTI's victory was not entirely unexpected, even if the final outcome — 149 seats in the National Assembly to PMLN's 84 — and its formation of a government in Punjab with the help of independently elected candidates, proved contrary to polling expectations.[13] The post-poll scenario was briefly punctuated by accusations of rigging by both the PMLN and the PPP, who alleged that their polling agents were prevented from witnessing ballot counting by military personnel, and that the Results Transmission System (RTS) was stopped to change vote counts in key constituencies. However, unlike the PTI in 2013, neither party was able to mobilize effectively on this front, and both ultimately conceded the elections results by taking their seats in the legislatures.

International observers, such as those from the European Union, did not comment on the polling process itself, but remarked that the pre-poll process was marred by the lack of an equal playing field given selective interference of the anti-corruption watchdog and the

meantime, the party presidency passed onto Nawaz Sharif's younger brother and chief minister of Punjab province, Shehbaz Sharif.

13 The PTI also increased its ruling majority in the province of Khyber-Pakthunkhwa and emerged as the single biggest party in Pakistan's largest metropolis and capital of Sindh province, Karachi.

judiciary.[14] These views were echoed in international coverage of the elections, although all major domestic media outlets followed the praetorian line and chose to focus on Sharif's corruption scandal and Imran Khan's popularity as decisive factors.

THE SPECTER OF PRAETORIAN ASSERTION

On April 3, 2018, 8,500 miles away from Pakistan, a Brazilian court upheld the conviction of former president and leader of the center-left Workers' Party (PT), Lula da Silva in a corruption-related trial, sentencing him to twelve years in prison. As Benjamin Fogel recently explained, Lula's conviction, like that of his former comrade and Brazil's ex-president, Dilma Rouseff, in 2016 was the strategic response of Brazil's conservative political and business elites to delegitimize the Left in the country and regain control of the state.[15]

This mission achieved its fulfilment with the victory of far-right populist, Jair Bolsonaro in October 2018, on a wave of virulent *anti-petismo* among the authoritarian middle and upper classes, and on the back of considerable resentment at fledgling economic conditions among segments of the popular classes. Given the class and ideological composition of the winning coalition, the period between Rouseff's impeachment in 2016 to Bolsonaro's victory two years later can be viewed as a soft coup attempting to roll back the largely moderate yet still unacceptable democratic reformism and neo-developmentalism of the PT.

Brazil's case makes for interesting reading in the context of Pakistan. In both countries, corruption is endemic within the state and economic elite. Similarly, the application of anti-corruption laws, and the popularization of anti-corruption sentiment by sections of the media, has

14 "EU mission says election results credible; criticises pre-poll 'environment', uneven playing field," *Dawn*, July 27, 2018.

15 Benjamin Fogel, "Brazil's Never-Ending Crisis," *Catalyst* 2, no. 2 (Summer 2018): 73–99.

always been selective in nature. In Brazil, anti-corruption remains a convenient stick wielded by elite fractions to beat down populist politics. In Pakistan, on the other hand, it has historically been deployed to discredit a vulnerable political class by the military, judiciary, and sections of a largely pliant news media.[16]

What this implies is that an institutional lens is required to understand political crises in Pakistan, simply because these very rarely map onto class fractures. The only period when the alternative was actually true was during the 1970s, when left-leaning populist (and founder of the PPP), Zulfikar Ali Bhutto, was deposed by General Zia-ul-Haq's military coup. The ensuing military regime, which violently suppressed and dismantled leftist politics in the country, followed on the heels of extensive mobilization by the business classes (in alliance with the Islamists) against Bhutto's nationalization of key economic sectors.

Three decades on, the current conflict appears less to do with redistributive politics and popular assertion and more to do with familiar intrastate institutional tussles between the military and the civilian political elite. Nawaz Sharif is no Bhutto, and the PMLN is certainly not the PPP. Its core support base lies within the Punjabi commercial and lower-middle classes, and the party leadership consists almost entirely of industrialists, merchants, and real estate developers from the heavily urbanized central Punjab region. The party's policy platforms have remained conservative and pro-business, and its latest stint in office (2013–2018) was marked by a near-wholesale embrace of structural reforms advised by the IMF. During this period, it undertook privatization and reduction of subsidies in energy and food pricing in the name of enforcing fiscal discipline; and at the same time, chased investment

16 The trend of deploying anti-corruption as a tool of political disciplining was established within the first two decades of statehood, when the first military ruler, General Ayub Khan passed the Electoral Bodies Disqualification Order (EBDO) in 1958 which disqualified over 3,000 politicians. However, a section of those disqualified for corruption were incorporated within the regime to bolster its social bases. This pattern was repeated in the two military regimes that followed during the 1980s and 2000s.

from China, and proudly showcased the debt-financed construction of large energy and highway construction projects to bolster its good-for-business credentials.

Hence, rather than locating a structural fault line, the military's recent foray into politics can be viewed as an attempt to reassert its institutional authority and roll back the moderate "civilian-ization" of the political sphere since the return of democracy in 2008.

As stated earlier, the process of democratization that began a decade ago has obtained some moderate success in changing the architecture of how political power is exercised in the country. With greater administrative and fiscal authority being devolved to the provinces, the two main parties overseeing this transition — the PMLN and the PPO — have managed to increase the resources available for distributing patronage and rents through subnational governments in their respective strongholds of Punjab and Sindh. Consequently, this has reduced the fiscal resources available to the federal government, which is where the military draws its own budget from. Late in the PMLN's term, this simmering battle over resources bubbled over when the Chief of Army Staff (COAS) publicly questioned the revised constitutional architecture and the relatively slower growth in allocation of resources to the military.[17]

More conclusive evidence of the military's desired preferences, and its influence in the political sphere was seen by the end of the PTI's first three months in power: Despite the new government combating a yawning fiscal deficit and excessive balance of payments pressure, expenditures on defense massively shot up to Rs219.4 billion (USD 2 billion) — an increase of 20.3 percent compared to the same period

17 The military's official share in the annual federal budget averages around 22 percent (8 billion USD in 2017), but other expenses allocated under different budget heads place it closer to 31 percent. For more on the tussle over resources see: Sohail Warraich,"The Bajwa Doctrine: From Chauvinism to Realism," *The News,* March 18, 2018. For a detailed look at patterns of Pakistan's military spending: Ahsan I. Butt, "Do nuclear weapons affect the guns-butter trade-off? Evidence on nuclear substitution from Pakistan and beyond," *Conflict, Security & Development* 15, no. 3 (June 2015): 229–257.

in the previous year. This happened while development spending (such as that on social protection, infrastructure, health, and education) was cut back by 10 percent.

THE JUDICIALIZATION OF POLITICS

Nevertheless, to see Sharif's dismissal solely as generals pulling the Supreme Court's strings to obtain a disqualification and conviction would be a dangerous simplification — despite the obvious gains made by the military in this process. There is little doubt that the military has used an exogenously triggered crisis to expand its space and played a part in subtracting a civilian politician it dislikes. However, the form and pathway through which this dismissal has taken place provides an indication of other institutional recalibrations. To put it very briefly, in the absence of a Supreme Court cognizant of its own reputation and its place in Pakistan's political sphere, an outcome of this nature would likely not have emerged.

To understand the court's contemporary dynamics, one has to go back to the anti-Musharraf "rule of law" movement of 2007–09 and the politics established under former Chief Justice Iftikhar Chaudhry's leadership. At the helm of the Supreme Court for nearly six years over two terms, Chaudhry established the institution as a political player by using *suo motu* powers to take up issues of public importance. He found considerable support among other junior judges in the High and Supreme Courts, who shared a similar vision for the "judicialization of politics," and sought to intervene in arenas that the court had traditionally avoided. At its peak, the court was independently taking up cases ranging from national security to anti-corruption and privatization of public sector enterprises, and even deliberating on whether the government was allowed to set the price of street food.

Over that fateful period, the court purposefully moved from its perch in political history of being an oft-ignored and pliant institution to one that was autonomous and invited a great deal of public attention.

And it has done that fairly well: Since 2008, the higher judiciary has retained high public-approval ratings, often matching the country's military in its popular appeal. A Pew survey from 2013 showed the Supreme Court score an 80 percent approval rating from respondents across the country. Similar approval ratings have been maintained in subsequent years as well.

The reputational interests accumulated by judges during the early period of Pakistan's return to democracy have now locked-in incentives for continued activist behavior by the institution as a whole. Judges now actively seek public acclaim, and hold forth from the bench, providing quips and observations that are guaranteed prime time slots on the country's forty private television news channels.[18]

Party elites too have played a considerable role in the political consecration of the Court, by seeking legitimacy through it and by relying on it rather than on parliamentary institutions to resolve what are ostensibly political tussles. Ironically, Sharif was guilty of exactly the same, when a year prior to becoming the prime minister, he successfully petitioned the Court to disqualify the then-ruling PPP's prime minister, Yousaf Raza Gillani, for his failure to reopen anti-corruption cases against his own party's chairperson, and the country's president, Asif Ali Zardari. In 2012, Sharif and his party celebrated the Court's sacking of a prime minister, and clearly did not foresee that Imran Khan, his own political rival, would enable the Court to do the same to them.

Given the recent history of judicialization of politics, the chances of the Court staying away from a big scandal like the Panama Papers leak were very low. The leak gave the Court another chance to intervene in the public domain, and the fact that the case itself involved alleged graft, money-laundering, and other types of corruption by a politician increased the reputational and institutional gains it offered to elite Supreme Court judges.

18 The public posturing of the Supreme Court reached new heights in 2018 when the then Chief Justice Saqib Nisar initiated a 22 billion USD crowdfunding campaign to build two large-scale hydroelectric projects and "save" Pakistan's water future.

THE ANATOMY OF AN ELECTION WIN

The military and judiciary's political influence in the run-up to the 2018 elections are lucid examples of the recurrently de-socialized nature of power contestation in Pakistan. Given the repression of the Left by the military and its Islamist allies in the 1980s, the weakness of elite-dominated political parties, and the three-decade-long absence of popular, class-based assertion in mainstream politics, political conflicts are more likely to take the shape of intrastate/intra-elite squabbles, rather than conflicts between larger social aggregations.

Intra-elite conflicts, such as this most recent one, appear to validate earlier theorization by Hamza Alavi about the particular form the postcolonial state took in Pakistan. Writing in the early 1970s, Alavi characterized the Pakistani state as "overdeveloped," given that it was fashioned by colonialism originally in the service of metropolitan capital, rather than emerging from power struggles between indigenous classes.[19] It was officials of this overdeveloped state — the "salariat" class or the bureaucratic-military oligarchy — that dictated the contours of an authoritarian political sphere in the first two decades after statehood, largely by incorporating or excluding elites from the rural sectors or the nascent urban bourgeoisie, and preventing a transition to procedural democracy.[20]

While highly influential in the period after it was published, Alavi's formulation has been critiqued in recent years.[21] This is mainly on

19 Hamza Alavi, "The state in post-colonial societies: Pakistan and Bangladesh," *New Left Review* 74 (July 1972): 59–81.

20 This was contrasted with India's trajectory in postcolonial statehood, overseen by an organized political party that was able to articulate a cross-class political coalition and create democratic legitimacy through the quick enactment of a constitution and the holding of elections. However, Pranab Bardhan argues that vestiges of bureaucratic authoritarianism in India, such as the "license-permit Raj" was the outcome of "professionals" constituting a dominant class and exercising control over the state and its vast resources. Pranab Bardhan, *The Political Economy of Development in India* (Delhi: Oxford University Press, 1998).

21 S. Akbar Zaidi, "Rethinking Pakistan's Political Economy," *Economic & Political Weekly* 49, no. 5 (2014): 47.

account of its static conceptualization of the political sphere, and its failure to look at pervasive popular resistance to authoritarianism in the late 1960s, the gradual socialization and periodic capture of the state by political elites, and the expansion in the constellation of dominant classes following a deepening of capitalism and the opening of avenues for participatory politics from 1970 onwards.[22]

Taking a cue from these critiques, a full account of PTI's rise since 2011 would have to factor in the societal logics of participation and support through which an electoral victory was made possible. This point is worth stressing because in its absence, state institutions (the military, in particular) appear to enjoy limitless autonomy, causal influence, and ontological primacy as the sole constitutive force in the political and social realm.

By the time the counting of results for the 2018 elections finished, the PTI had obtained nearly 17 million votes nationally, and its candidates had won seats in all four provinces of the country. It became the first party to be reelected to government in the province of Khyber-Pakthunkhwa in over two decades, and the first party to dislodge the PMLN in Punjab in a decade. Its performance in the southern metropolis of Karachi was especially remarkable as it surpassed the historically dominant ethno-nationalist party, the Muttahida Qaumi Movement (MQM) to win more than half of the city's National and Provincial assembly constituencies.[23]

While accepting the role that institutional conflicts played in conditioning these results, the nature and particular form of PTI's electoral coalition requires further explication. On this front, I argue, it's possible to see two distinct currents of politics underpinning the party — a

22 There were no general elections in Pakistan's first twenty-three years of statehood, followed by eleven in the subsequent forty-eight years.

23 The PTI was able to take advantage of the MQM's fracturing in the years immediately prior to the election. Even then, opinion polls prior to election day had the PTI trailing behind major ethnic parties in the city. For more on this see: Zia-ur-Rehman,"After three-decade rule, Muttahida on back foot as PTI takes over Karachi," *The News*, July 27, 2018.

reliance on traditional dominant classes and their patronage networks to incorporate the urban and rural poor, and the mobilization of the authoritarian middle class through a discursive politics of anti-corruption. Both currents were, in turn, organizationally and discursively "sutured" together in the PTI under Khan's populist leadership.[24]

The bulk of the PTI's electoral success lies in fashioning a traditional electoral machine that relies on elite candidates and the conventional ties of patronage with subaltern groups to incorporate the latter as clients in the political sphere. Given the largely authoritarian context in which contemporary parties in Pakistan have emerged and survived, as institutions they remain characterized by persisting organizational weaknesses. These include undemocratic, centralized, and personalized leadership, an absence of organizational presence at the grassroots level, and a consequent reliance on elites from dominant classes for the purposes of financing campaigns, garnering support, and commandeering votes.[25] On these accounts, the PTI appears to be no different than the PPP and the PML.

Having fared poorly in its first couple of elections, by 2011 the PTI turned to an elite-led electoral strategy that relied on traditional politicians who had been excluded or marginalized by other major parties. As with other parties, the PTI's primary criterion for selection of candidates in subsequent elections was an individual's "electability" in his or her home constituency. This leads to a preference for locally dominant elites who are able to maintain islands of authority and their own political

24 I borrow (and modify) this framework of analysis from recent work by Desai, Tugal, and De Leon on the constructive and articulatory role played by parties and leaders. For more on this see: Cedric De Leon, Manali Desai, and Cihan Tugal, "Political Articulation: Parties and the Constitution of Cleavages in the United States, India, and Turkey," *Sociological Theory* 27, no. 3 (September 2009): 193–219.

25 The absence of party infrastructure is particularly pervasive across rural areas, wherein the landed and agro-commercial classes participate in village-based factional contestation within their circumscribed geographic domains. In urban areas, the face of local organization for all three main parties is almost always a centrally or provincially appointed party leader who contests at the National or Provincial Assembly constituency level and runs electoral affairs through highly personalized networks built on material reciprocity.

networks.[26] In exchange for their support in winning elections, these influential candidates are incorporated into a larger spoils system of rent and patronage through promised access to public officials, constituency development funds, and other material incentives for self-enrichment.

Ahead of the 2018 general elections, the PTI's leadership and its candidate pool was drawn almost exclusively from the traditional political class, which, in turn, remains a subset of the rural and urban dominant classes. Of the 248 candidates fielded by PTI for National Assembly seats, at least 160 (or approximately 65 percent) had contested previous elections on the ticket of another party. The trend of relying on entrenched elites was reflected in the composition of the new ruling party's first federal cabinet: of its twenty-one members, seven had served as ministers or advisers during General Pervez Musharraf's military regime just over a decade ago. A further two had served in the cabinet of the PPP-led government between 2008–2013, and one had served in the PMLN's cabinet until the previous year.

THE NEW ADJOINING THE OLD

If like other parties its reliance on traditional mechanisms and actors of winning elections lends a considerable degree of familiarity to the PTI's politics, what sets it apart from the competition is its mobilization of and support within one societal strata — the "new" middle class.

In 2011, researchers at the Pakistan Institute of Development Economics (PIDE) used a composite index of income, asset ownership, education, and occupation to calculate several size estimates of the Pakistani middle class. The results ranged from 19 percent to 35 percent of the total population. Even at the lowest end of the spectrum,

26 The preference for electable elites is particularly salient in rural areas and leads to parties perpetuating localized dynasties. Nearly two-thirds of elected legislators from Punjab between 1990 and 2007 had followed or were followed by a family member into electoral politics. See Ali Cheema, Hassan Javid, and Farooq Naseer, "Dynastic Politics in Punjab: Facts, Myths and Their Implications," IDEAS *Working Paper* 01, no.13 (August 2014): 1–42.

the 32.5 million strong makes the Pakistani middle class one of the largest in the region.

Part of the story of this class is similar to what's been seen in other parts of the Global South. Since the 1980s, Pakistan's economy has largely abided by neoliberal tenets, marked by liberalization, privatization, and general deregulation. These have produced particular patterns of urbanization, consumption, and economic growth, which have contributed to the informalization of production, exchange, and labor on one end, and the rise of consumerism, financial services, and relatedly, an expanding white-collar, middle-class segment on the other.

This particular story is most closely associated with General Musharraf's regime (1999–2008), during which the state accelerated its embrace of neoliberal capitalism. Unlike General Zia's dictatorship (1977–1988), Musharraf's regime did not turn to Islam for social legitimacy or to extensive coercion for maintaining order. Instead, its stated aim was to undertake rapid economic development and create a society of modern, globalized urban consumers. To achieve this end, the state undertook the most pervasive set of pro-market reforms to date. Most sectors of the economy were completely deregulated and made open to foreign investment; the average tariff on imported goods was reduced to 25 percent (from 70 percent just five years earlier), major government-owned banks were privatized, and several restrictions on capital accounts were lifted.

These reforms coincided with a number of fortunate exogenous circumstances, such as an increase in foreign aid flows (averaging around 1 percent of GDP per year) and a dramatic increase in remittances from the Middle East and other regions.

The economy grew by an average of 5 percent in the first decade of the 2000s. Upon closer inspection, however, it is clear that this relative boom period was not the result of any structural transformation in the economy, such as a shift towards value-added manufacturing, but in fact was being driven by real estate investment, financial services

telecommunications, the stock market, and the consumption-oriented retail-wholesale sector. One major characteristic of such growth was that the private sector took over from the traditional public sector in creating white-collar jobs, and thus a "new" middle class.[27]

While high-quality political survey data is still lacking, recent empirical analysis has fortified anecdotal observations identifying this new middle class as a core constituency mobilized by the PTI. The party's share among urban educated voters was the highest among all parties in 2013, and it reinforced this by breaking more middle-class voters away from other parties in the 2018 elections.[28] Spatial analysis of election results also shows that the party performed disproportionately better in prosperous neighborhoods and constituencies. This was particularly apparent through its performance in the city of Karachi in the 2018 elections, where it dislodged the ethno-nationalist MQM in traditional, Urdu-language speaking middle- and upper-middle-class neighborhoods.

This class-party association is important because until the PTI's upsurge in 2011, the new middle class was considered apolitical, demobilized, and without active representation in participatory politics. Mainstream parties like the PPP and PMLN, with their basis of support among the commercial and rural landed classes as well as the urban and rural poor, were considered too corrupt, compromised, and "uncouth" to be supported. Similarly, the traditional vehicle of support and interest protection — the military — was no longer in overt control of the state. It is in this impasse that Imran Khan's persona and his populist imagery *jointly* played an integral articulatory role that helped link a class fraction with a vehicle for political representation.

27 The expansion of the middle class during the 2000s was visible in the way the built fabric of both big and small cities transformed over the decade. Vehicle ownership rose dramatically (doubling every five years in the cities of Lahore and Karachi since 2001), alongside a surge in new residential and commercial real estate investments, such as gated housing communities, large markets, and shopping malls, which catered to the ever-rising tide of consumers.

28 Gilani-Gallup 2018 General Elections Exit Poll (Unpublished).

Two factors in particular made this possible: the first was Khan's status as a celebrated national sporting hero and a widely respected philanthropist. As Pakistan's first (and to date, only) captain of a Cricket World Cup-winning team in 1992, he was a superstar, especially for the TV-owning public. He then followed his successful sporting career by crowdfunding Pakistan's first charity-run cancer hospital.[29] For the generation that grew up between the 1970s and 1990s, both acts cemented his status as a national icon. It also gave him the status of a "clean outsider" in mainstream politics, given that he wasn't born in a political family, nor tainted by the corruption associated with mainstream parties and their leadership.

The second factor was his populist discourse that rested on attacking the political elite on a platform of anti-corruption. This line of attack resonated deeply with the middle class because it placed Khan in the same ideological space as various military regimes, which this class historically supported. The shared association was further fortified by Khan's discursive penchant for presenting himself as a messianic leader (an autocrat in the mold of Mahathir and Lee Kuan Yew), providing purposefully simplistic solutions to Pakistan's complex development challenges.[30] For a middle class historically conditioned by the authoritarian Pakistani state to support strongman politics, this brand of populism felt both familiar and welcome.

Since 2010, Khan's deployment of an anti-corruption platform, its accompaniment by performative Islamic piety, and the invocation of oft-undefined signifiers of "justice," "merit," "good governance," and "national dignity" have helped give space in mass politics to tropes associated with the Pakistani middle class's cultural-political worldview.[31]

29 Imran's crowdfunding campaign focused extensively around young people schools and colleges, another factor that made him a hero for the educated middle class.

30 In nearly all his campaign speeches, Khan would ask his supporters to pose their trust in him, since one clean leader at the top is all the country needs to develop.

31 For more on the construction of a new middle-class hegemony in Pakistan, see: Ayyaz Mallick, "Beyond "Domination without Hegemony": Passive revolution(s) in Pakistan," *Studies in Political Economy* 98, no. 3 (November 2017): 239–262.

CONCLUSION

Where will Pakistan's perpetually fragile democracy go after the PTI's victory? A short answer would be nowhere, at least for the time being. The institutional conflicts that resulted in the ouster of Sharif and the elevation of Khan have produced a new consensual arrangement between powerful actors that should remain unchallenged. The military and judiciary appear to be content with the outcome, while the PTI now shepherds a class coalition in government that covers all dominant classes, including one that had been excluded from previous democratic dispensations.

This footprint of dominant classes in this, as in most previous governments, will reflect itself in the continuity of neoliberal social and economic policymaking. The PTI's first few months in power have already seen it enter negotiations with the IMF for what will be the country's seventh bailout in the last two decades. As a precondition for the bailout it has had to slash development spending, indicating that at least the first few years of its rule will see the same type of austerity and anti-poor policymaking carried out by every government since 1977.

For the immediate future, the current "big-tent" configuration can be expected to act as the next stage in Pakistan's ongoing passive revolution. The failure of the PMLN and the PPP to substantively redress the institutional imbalances within the state, and the PTI's wholehearted embrace of these imbalances, means the regulated nature of procedural democracy will continue. The next crisis, when it comes, will likely be of the same intra-elite nature seen earlier, and will likely be because of the perennial contest over the distribution of state power and resources. At the same time, the continued absence of organized popular resistance to the dominant classes means that a more substantive transformation in Pakistan's political sphere also remains a negligible possibility.

This important book argues that a neoliberal convergence has taken place in European industrial relations. Across Europe, employers now have much more freedom to run their businesses and "manage" their employees than they had a few decades ago. I describe the class actors and pathways to neoliberal transformation that are at the core of this book. I also draw out its political implications. I suggest that this neoliberal revolution has had several effects, including the rise of the populist right. In addition, I discuss the problem ecological constraints pose for capitalist growth models.

THE NEOLIBERAL REVOLUTION IN INDUSTRIAL RELATIONS

DANIEL KINDERMAN

LUCIO BACCARO & CHRIS HOWELL

Trajectories of Neoliberal Transformation: European Industrial Relations Since the 1970s, (Cambridge: Cambridge University Press, 2017).

In their bold and important book, Lucio Baccaro and Chris Howell offer a sweeping reinterpretation of the evolution of Western European industrial relations from the late 1970s until the present. In so doing, they also challenge the dominant framework in comparative political economy (CPE), developed most of all by Peter Hall and David Soskice under the banner of "Varieties of Capitalism" (VoC). The VoC framework was introduced at the turn of the century in a landmark volume edited by Hall and Soskice and has inspired a veritable mountain of research by leading scholars in the field.[1] Its popularity is no doubt partly attributable to the moment when it was launched. VoC appeared when many observers thought that the relentless, unstoppable forces of neoliberal

1 Peter A. Hall and David Soskice, *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (New York: Oxford University Press, 2001).

globalization were flattening the world, with dire consequences for social solidarity. As Margaret Thatcher famously declared, "There Is No Alternative" to deregulation, welfare-state retrenchment, the weakening of trade unions, and a leaner, meaner social and economic model.

By contrast, VoC's overarching message is institutional diversity and resilience. Rather than accepting the Thatcherite teleology, Hall and Soskice suggested that contemporary capitalism had stabilized around distinct institutional models — Liberal Market Economies (LMEs) such as the United States and the United Kingdom on the one hand, and Coordinated Market Economies (CMEs) such as Germany and Sweden on the other. In each VoC, national-level institutions shape firm-level strategy, promoting market coordination in LMEs and nonmarket coordination in CMEs. While each of these models shared certain structural features, they were nonetheless appreciably different in their institutional features, and in how they faced market pressures. In addition, coordinated market economies were able to sustain the redistributive and egalitarian thrust of the welfare states. Finally, the VoC framework implied that each model had an obduracy, a staying power, because each one generated stable political coalitions around it. So while CMEs and LMEs generate comparable levels of economic performance, the kinder, gentler, more egalitarian versions of capitalism were capable of resisting the drift toward the neoliberal American model.

One of the central mechanisms for the predicted stability of each institutional form of capitalism is the political support of elites. Hall and Soskice argue that institutional complementarities and comparative institutional advantage generate disincentives against radical change. Whereas most observers had previously agreed that powerful trade unions and social-democratic parties were indispensable for sustaining expansive welfare states, compressing income inequality, and supporting institutions of workplace and industrial democracy such as codetermination and works councils, VoC suggests that capitalists themselves have an interest in sustaining these institutions once they are in place. In Germany, for example, institutions of skill

formation such as vocational education and training, as well as coordinated wage bargaining and employment protection support and reinforce export-oriented manufacturers' competitive strategies, which are based more on quality and incremental innovation than on price. By contrast, LMEs provide strong support for radical innovation. VoC views CMEs and LMEs as being in a self-sustaining equilibrium, which makes a convergence of CMEs and LMEs highly unlikely. Recent VoC-inspired literature concedes that liberalization is occurring in all advanced capitalist economies but continues to make a case for divergence by stressing that it is pushing countries onto different tracks.[2] VoC implies that even if social democracy's institutions go into crisis, employers should support the ensemble of institutions associated with CMEs.

Baccaro and Howell attack this conventional wisdom and articulate a bold argument for neoliberal convergence. It is a challenging task because as the authors readily acknowledge, the *form* of industrial relations institutions has not converged:

> We are not making a coarse argument for institutional convergence. There is little evidence of convergence as identity, a glacial flattening of the institutional landscape to an identical topography. We are not arguing, in other words, that industrial relations in Sweden or Germany today resemble in some clear-cut sense those in Britain, that the CME category has been emptied so that the advanced capitalist world is populated solely by varieties of LME.[3]

The institutional differences between countries have not disappeared.[4] But Baccaro and Howell suggest that to infer divergence from the *form* of institutions, as VoC and much institutionalist political economy tends

2 Kathleen Thelen, *Varieties of Liberalization and the New Politics of Social Solidarity* (New York: Cambridge University Press, 2014).

3 Baccaro and Howell, 15.

4 On this point, see also Robert Boyer, "Do Globalization, Deregulation and Financialization Imply a Convergence of Contemporary Capitalisms?" Paris: Institut des Amériques Discussion Paper Series 2018, no. 9.

to do, is a conceptual mistake. While the changes in most European industrial relations systems since the 1970s do not resemble Thatcherism in any straightforward sense, this diversity masks fundamental change. Neoliberalism is a "protean project" that assumes many different forms.[5] In place of a focus on institutional form, Baccaro and Howell focus on the functioning and the outcomes produced by institutions. Scholars have tended to "confuse continuity of form with continuity of function."[6] The problem with this is that "the functioning of institutions can be transformed even as elements of their form remain unchanged."[7] Baccaro and Howell's novel contribution comes from the way in which they show that "the *trajectory* of institutional performance" as well as "the outcomes produced by different institutions" have converged across countries.[8]

Different countries have different "Trajectories of Neoliberal Transformation." Liberalization takes place as institutional deregulation, institutional derogation, and institutional conversion, and in each country, we find a different mix of these mechanisms. Yet in all countries, liberalization involves an expansion of *employer discretion*. Employer discretion has three interrelated dimensions: discretion in wage determination, discretion in personnel management and work organization, and discretion in hiring and firing. In each of these areas across a wide variety of different countries, owners and managers have much more freedom to run their businesses and "manage" their employees as they please than they had a few decades ago. VoC's focus on institutional form draws our attention away from these developments.

This book is sure to be very important, and early reviews and a growing body of scholarship suggest the field realizes it. [9] The product of

5 Baccaro and Howell, 17.

6 Ibid., 161.

7 Ibid., 96

8 Ibid., 16, 50.

9 See for example Valeria Pulignano and Jeremy Waddington, "Management, European Works Councils and institutional malleability," *European Journal of Industrial Relations* (2019). This literature suggests that the book's argument extends beyond the

over five years of research, writing, and collaboration by two renowned scholars at the top of their fields, it is impressive in its empirical breadth and depth, its theoretical and analytical sophistication, and its state-of-the art use of multiple methods. Beautifully written, it builds upon, and goes beyond, the most important critical works in CPE.[10] It will be essential reading for anyone with an interest in CPE and employment relations / industrial relations.[11]

CLASS ACTORS AND PATHWAYS TO NEOLIBERAL TRANSFORMATION

The case studies of Britain, France, Germany, Italy, and Sweden are the empirical core, the heart of the book.[12] These chapters are incredibly important because as Baccaro and Howell argue, available quantitative indicators cannot fully capture liberalization as institutional conversion, the fundamental qualitative change that the liberalization of industrial relations has brought about in each of these five countries. While an expansion of employer discretion is a universal tendency, these chapters show that many winding roads lead to a single destination, the liberalization of industrial relations and the expansion of employer discretion.

scope of this particular book, to countries such as Spain, Australia, and New Zealand. See Martí López-Andreu, "Neoliberal trends in collective bargaining and employment regulation in Spain, Italy and the UK: From institutional forms to institutional outcomes," *European Journal of Industrial Relations* (2018) and Mark Bray and Erling Rasmussen, "Developments in comparative employment relations in Australia and New Zealand: reflections on 'Accord and Discord,'" *Labour and Industry* 28, no. 1 (2018): 31–47.

10 In particular Wolfgang Streeck, *Re-Forming Capitalism: Institutional Change in the German Political Economy* (Oxford: Oxford University Press, 2009).

11 See also Bruno Amable's impressive *Structural Crisis and Institutional Change in Modern Capitalism: French Capitalism in Transition* (Oxford: Oxford University Press, 2017).

12 Since the quantitative analysis of industrial relations change in chapter three is based on an article previously published in *Politics & Society*, I do not dwell on it here. See Lucio Baccaro and Chris Howell, "A Common Neoliberal Trajectory: The Transformation of Industrial Relations in Advanced Capitalism," *Politics & Society* 39, no. 4 (2011): 521–563.

Baccaro and Howell place class actors and class power at the center of their argument. Since the end of the 1970s, we have witnessed "a marked shift in the balance of class power," as "weakened and divided trade unions face resurgent and radicalized employers."[13] In making this case, Baccaro and Howell draw on the power-resources approach, which stresses the importance of the strategic context within which actors operate. Employers are fundamentally unruly, and they will seek an expansion of their discretion at the firm level and a liberalization of industrial relations institutions "unless they are constrained by the power of trade unions or the state. The pace, scale, and scope of liberalization will reflect the relative balance of power between labor and capital."[14] To recall, VoC scholars portray employers as both rational and strategic as well as cooperative and prosocial in their support of traditional institutions. For Baccaro and Howell, this is misleading: more often, employers play hardball with traditional institutions, transforming them from within. The state, they stress, is far from neutral in this process. On the contrary, it is "the most important agent of liberalization." They stress that neoliberalism is "not about limiting state intervention .... It is instead about using state power to bring about (and institutionalize) a market order."[15] As Polanyi argued, interventionist states are indispensable for this project.

Plasticity and reengineering are often subtle mechanisms of institutional change that the untrained eye can easily overlook, but the British case is anything but subtle: it illustrates the use of state power to launch a frontal assault on industrial relations institutions and construct a market-centered order. In Britain at the end of the 1970s, employer discretion was substantially constrained. The Conservative onslaught on collective regulation changed this in a dramatic fashion: decollectivization was an "explicit state strategy between 1979 and 1997."[16]

13 Baccaro and Howell, 176.

14 Ibid., 178.

15 Ibid., 16.

16 Ibid., 58.

The neoliberal revolution dismantled collective regulation, and by the mid-2000s, a dramatic transformation had taken place. The end result was a sea change, "a degree of employer discretion across all aspects of managing the workplace that would have been inconceivable" in the earlier period.[17]

In France, liberalization followed a very different pathway, owing to the differing "inherited institutional legacies of the earlier postwar period and the strength of class actors." Since the limits on employer discretion in France came from a dirigiste industrial relations system, paradoxically, liberalization involved "the construction of institutions of bargaining and social dialogue." Neither French unions, "increasingly hollow shells within the firm," nor new labor-side actors have been able to "act as effective counterweights to a resurgent, self-confident employer class." The overall result is a "remarkable neoliberal transformation of the labor market and industrial relations institutions."[18] The main insight here is the recurring theme that "The functioning of institutions can be transformed even as elements of their form remain unchanged."[19] This is an important point with general relevance. It suggests that where industrial relations scholars fail to find "outright examples of employers' defection," and conclude, "This strategy [exit] has not become a predominant choice,"[20] they should dig deeper, and examine the subtler ways in which employers and state officials have transformed institutions and their functioning.

In their chapter on Germany, Baccaro and Howell argue that the German model, the crucial, prototypical CME case in debates over Varieties of Capitalism, is unraveling. Rising cost pressures have contributed to the rise of an increasingly export-led growth model and a

17 Ibid., 71.

18 Ibid., 95.

19 Ibid., 96.

20 Roberto Pedersini, "Chapter 9: Conclusions and outlook: More challenges and some opportunities for industrial relations in the European Union" in Salvo Leonardi and Roberto Pedersini (ed.), *Multi-employer bargaining under pressure: Decentralisation trends in five European countries* (Brussels: European Trade Union Institute, 2018): 292.

declining wage share. This has led to a softening of the central institutional pillars of the system: works councils, collective bargaining, trade unions, and employer associations. The industry-level bargaining system has been transformed by declining coverage as well as opening and hardship clauses, so that it is "full of holes."[21] They also challenge the notion of labor market "dualism,"[22] which has become widespread and popular in CPE during recent years. According to this notion, core manufacturers in CMEs remain committed to traditional institutions, as VoC proclaims. Dualist or erosion tendencies arise because of the growth of the service sector, where wages and social benefits are worse and employers are less committed to traditional institutional arrangements than core manufacturers. Baccaro and Howell argue that dualism does not capture the changes, as the impetus for liberalization in Germany comes from the export-oriented manufacturing sector itself. And they are correct in this. Gesamtmetall, an employers' association at the very core of the German model, founded and funded the think tank *Initiative Neue Soziale Marktwirtschaft*, and used it to push for a radical neoliberal agenda that went well beyond the Agenda 2010 labor market reforms.[23] Unions were "too weak and divided" to resist this liberalizing offensive.[24]

The Italian case shows the complexity and counterintuitive nature of the liberalization process. Employer discretion in Italy was increased by the abolition of the *scala mobile* and Article 18, but there has been little formal decentralization of the bargaining system: if anything, the collective bargaining structure was recentralized. The Italian program of flexibilization and liberalization "was pursued through negotiated

21 Baccaro and Howell, 115.

22 Bruno Palier and Kathleen Thelen, "Institutionalizing dualism: Complementarities and Change in France and Germany," *Politics & Society* 38, no. 1 (2010): 119–148.

23 Daniel Kinderman, "Challenging varieties of capitalism's account of business interests: Neoliberal think-tanks, discourse as a power resource and employers' quest for liberalization in Germany and Sweden," *Socio-Economic Review* 15, no. 3 (July 2017): 587–613.

24 Baccaro and Howell, 112.

national agreements when the unions accepted the terms proposed to them and through unilateral reform when they did not."[25] Here, the key insight is that "Formal institutional analysis has to be complemented by an examination of the way in which institutions function and of the balance of power among actors that operate within and through them."[26]

Sweden is a difficult case for Baccaro and Howell's argument, since it appears to have largely resisted the liberalization of industrial relations institutions. In Sweden at the end of the 1970s, a combination of labor's collective and political power restricted employer discretion. Four decades later, and after an episode in which employers and unions "stared into the abyss and stepped back," Swedish unions remain strong.[27] Approximately two-thirds of Swedish employees are union members, and coordinated bargaining persists between employers and unions. These are conditions of which workers and unions in most other countries can only dream.

Baccaro and Howell argue that interpreting this state of affairs through the lens of path-dependence and institutional resilience is liable to confuse formal continuity with a continuity in function. To take but one striking example, the practice of sacrificing firms in order to maintain a solidaristic wage from the era of postwar solidarism has reversed. In the present era, it has become commonly accepted — indeed it is expected — that employees in Sweden (and everywhere else) must make sacrifices to sustain "their" company. "Something dramatic has changed under the hood of Swedish industrial relations institutions since the 1970s, as powerful liberalizing tendencies have transformed class relations and expanded employer discretion at the firm level."[28]

Following a resurgent and vigorous campaign by employers, "Swedish industrial relations institutions no longer have the same

25 Ibid., 141.

26 Ibid., 142.

27 Ibid., 153.

28 Ibid., 161.

egalitarian properties they once did."[29] Baccaro and Howell stress that these outcomes have resulted from greater "activism and radicalism on the part of Swedish employers."[30] In my own research, I too have found evidence of Swedish employer radicalism. Swedish employers have used Timbro, a neoliberal think tank, as a "minesweeper in the public debate — making previously unthinkable pro-market arguments accessible for others to hold: political parties, organizations or individual voters." They have pushed market-oriented reforms "as far as possible, whenever possible."[31] In sum, these five chapters show that employer discretion has increased in countries representing LMEs, CMEs, social-democratic, state-led, and Mediterranean economies.

It is the mark of a good book to raise good questions, and *Trajectories of Neoliberal Transformation* does that in abundance. While their argument is powerful and convincing, they could strengthen it with additional evidence, such as statements by leading businesspeople and business association officials who express their first-order preference for employer discretion. These assertions should not be hard to find, and they would help to bring out employer agency in reducing constraints and promoting neoliberal reform. Evidence from the firm level (such as surveys) showing that increases in employer discretion have occurred and are a priority would also be helpful. As is the case with all works of social science — even the very best — there is always room to quibble.

While a "common functioning of institutions" obviously qualifies as convergence, some readers may wonder whether a "common direction of change"[32] really is cross-national convergence, rather than a common trend, since convergence presupposes that the rate of change is highest in the countries that previously had the greatest constraints on employer

29 Ibid., 170.

30 Ibid., 144.

31 Kinderman, "Challenging varieties of capitalism's account of business interests," 605, 606.

32 Baccaro and Howell, 16.

discretion.[33] After reading this book, I find it plausible that this could be the case, but further evidence would be useful. Other readers may add that while trajectories of neoliberal transformation have led to an increase of employer discretion in relation to unions and employees, it has also led to a decrease of employer discretion in relation to the market for most firms.

THE FALLOUT FROM THE NEOLIBERAL REVOLUTION: STRESS, MORTALITY, AND THE RISE OF THE POPULIST RIGHT

The neoliberal transformation of industrial relations has had several adverse effects. The undermining of unions has led to an increase in health inequalities, public health problems, and management-by-stress.[34] Increases in employer discretion have the consequence that management is now even more firmly in control of the production process and production-process decisions. Baccaro and Howell's analysis can also help us to understand the underlying causes of the decline in living standards and working conditions as well as the brutal intensification of work experienced by working-class people in recent decades. These outcomes are tightly connected to neoliberal industrial relations reform, and they clarify what's at stake.

Neoliberal industrial relations reform and increased employer discretion has enabled employers to significantly increase the performance pressure, with serious repercussions for employees. In the United States, work-related issues including layoffs, job insecurity, toxic

33 See the following source for a useful discussion of the distinction between common trends and convergence: Torben Iversen and Jonas Pontusson, "Comparative Political Economy: A Northern European Perspective" in Torben Iversen, Jonas Pontusson, and David Soskice (ed.) *Unions, Employers and Central Banks: Macroeconomic Coordination and Institutional Change in Social Market Economies* (New York: Cambridge University Press, 2000): 3.

34 Scott L. Greer, "Labour politics as public health: how the politics of industrial relations and workplace regulation affect health," *European Journal of Public Health* 28, Supplement 3 (2018): 34–37.

cultures, and long hours may be responsible for up to 120,000 deaths a year.[35] Even if a better European-style welfare state and health insurance system could eliminate some of those deaths, workplace stress resulting from high job demands is exerting a toll in Europe too — and these outcomes are tightly connected to the same underlying cause: decreasing union power, increasing employer autonomy, and the neoliberal transformation of industrial relations since the 1970s.[36]

Bacarro and Howell's analysis also has great relevance for understanding the rise of the populist right. Like radioactive fallout, the neoliberal transformation analyzed by Baccaro and Howell delivers some of its effects over an extended period of time. Although it is difficult to prove this empirically, I believe that Baccaro and Howell can help us to explain the rise of the populist and radical right in recent years. These parties have a common core constituency of supporters: the white male working class. This group does not just feel "left behind" — *many of them have been left behind* by the neoliberal transformation of industrial relations. The staggering rise in the death rate of white working-class Americans is one consequence of this.[37]

People who voted for right-wing populists have deep concerns about both their economic situation and recent cultural developments. On the economic front, developments relating to depressed income and job security, the disappearance of low-skilled decent jobs, and the declining value of hard work in relation to entrepreneurialism and high levels of skill are all connected to neoliberal industrial relations reforms. On the cultural front, the growing importance of gender equality and diversity has compounded these effects, which contribute to the decline

35 Jeffrey Pfeffer, *Dying for a Paycheck: How Modern Management Harms Employee Health and Company Performance* (New York: HarperCollins, 2018).

36 Even where mortality rates have not increased, the stress and adverse health effects of neoliberal globalization likely reduce life expectancy below what it otherwise would be — to say nothing about the quality of life.

37 Anne Case and Angus Deaton, "Mortality and morbidity in the 21st century," *Brookings Papers on Economic Activity* (Spring 2017): 397–443.

in the subjective social status of low-educated white males.[38] Neoliberal industrial relations reforms have dramatically increased inequality and economic distress for working-class people, which can cause an increase in racial resentment,[39] a key element in contemporary populist and radical-right politics.

Baccaro and Howell assert that the liberalization of industrial relations has contributed to undermining the Fordist wage-led growth regime. Fordism's high growth rates and equitable income distribution have given way to a neoliberal era of secular stagnation, high-end inequality, instability, and a stagnation or decline in working-class living standards. As Baccaro recently stated, "the deterioration of living standards, the failure to produce satisfactory improvements in living standards for the majority of the population" is a major determinant of the growth of the populist and radical right: "It has an economic determinant. We don't buy that it is driven by anti-immigrant sentiment. Anti-immigrant sentiment has always been there. It is actuated by the economic situation."[40] This statement resonates with other leading scholarship, which finds that "identity politics is most powerful against an unfavorable economic backdrop."[41] The diagnosis of stagnation rings particularly true in Italy, where there has been scarcely any economic growth over the past two decades, but it also applies to other countries such as the United States where the working class has seen few if any gains over the same time period.

There is also an identity dimension. Neoliberal industrial relations reforms have challenged the status and identities of working class, elevating the position of managers and entrepreneurs in comparison to

38 Noam Gidron and Peter A. Hall, "The politics of social status: economic and cultural roots of the populist right," *British Journal of Sociology* 68, no. S1 (2017): 57–84.

39 John Kuk, "The Effects of Economic Distress on Racial Attitudes," unpublished paper, Washington University in St Louis.

40 Lucio Baccaro, remarks given at the panel "New Approaches to Political Economy," *Society for the Advancement of Socio-Economics*, Kyoto, Japan, June 23, 2018.

41 Barry Eichengreen, *The Populist Temptation: Economic Grievance and Political Reaction in the Modern Era* (Oxford University Press, 2018), 10.

workers. By crushing or emasculating trade unions, neoliberalism has opened up space for other identities, including ethno-nationalism, to take hold and represent workers. Trump, Brexit, and right-wing populists more generally have tapped into the resulting fallout and resentment. In sum, the neoliberal revolution in industrial relations could be a major cause of the declines in the subjective social status of the white male working class in recent decades. Factors such as increasing performance pressure and the decreasing power and influence of unions may well have fanned these flames.

POLITICAL IMPLICATIONS

Trajectories of Neoliberal Transformation lays bare what the Left is up against. From this perspective, the book makes for grim reading, aptly conveyed by the bleak, post-apocalyptic wasteland on the front cover of its paperback edition. Indeed, the situation as portrayed by Baccaro and Howell is much less favorable than most conventional accounts. Even comparatively powerful unions in countries like Sweden have been unable to arrest these developments. By contrast, employers are in a "heads we win, tails you lose" scenario. This is the default outcome even in cases where left-wing initiatives are initially successful. In both Germany and France, trade unions pushed for and succeeded in implementing work-time reduction, a sensible policy,[42] in spite of employer resistance. But employers were able to hijack this measure to decentralize industrial relations and increase flexibility in both countries.

The fact that the expansion of employer discretion is a universal tendency across all cases in the book gives it a certain irresistible quality, which raises the following questions: how and why have employers been so successful at expanding their discretion? What makes the expansion of employer discretion legitimate? To be sure, Baccaro and Howell stress that this process is contested. Trade unions have tried

42 André Gorz, *Critique of Economic Reason* (London: Verso, 1989).

to resist these changes, but in their weakened state, their efforts are no match for aggressive employers and the state officials intent on liberalization. But the removal of constraints on employer discretion was not accomplished purely through coercion and domination. This quest was buttressed by employers' political activism, public campaigning, and think tanks, which have put wind in the sails of liberalization and helped to construct a new market-centered common sense.[43] It may also be worth exploring whether some emancipatory and new social movements have sought to advance their own causes by joining forces with employers and neoliberal governments, thereby inadvertently legitimating neoliberal industrial relations reforms.[44] It certainly seems plausible that the "New Spirit of Capitalism"[45] helped to construct normative legitimacy for the neoliberal revolution.

Be that as it may, Baccaro and Howell's analysis suggests that since non-liberal Varieties of Capitalism have been transformed in a neoliberal direction, they are no longer viable alternatives. The Left must invent new institutional and regulatory arrangements that are up to the task of re-embedding capitalism. This may "require a fundamental rethinking of the current globalization regime and a return to national economic sovereignty."[46] Alternatively, it must confront capitalism itself.

This book raises a number of political questions: first, what opportunities does the Left have to effectively constrain and roll back employer discretion? Here, it should be noted that even among academics on the Left,[47] and among unions and works councils, there is no consensus that employer discretion is problematic. Second, what aspects

43 Kinderman, "Challenging varieties of capitalism's account of business interests."

44 Nancy Fraser seems to suggest this possibility. See Nancy Fraser, "A Triple Movement? Parsing the Politics of Crisis after Polanyi," *New Left Review* 81 (May-June 2013): 119–132.

45 Luc Boltanski and Eve Chiapello, *The New Spirit of Capitalism* (London: Verso, 2005).

46 Baccaro and Howell, *Trajectories of Neoliberal Transformation*, 222.

47 See for example Jonas Pontusson, "Once Again a Model: Nordic Social Democracy in a Globalized World" in James E. Cronin, George Ross, and James Shoch, (eds.) *What's Left of the Left* (Durham, NC: Duke University Press, 2011): 89–115.

of employer discretion are most pressing and most politically salient? Third, to what extent should reductions in employer discretion be a political priority, as opposed to other goals that could improve the lives of working people?

CAPITALIST GROWTH MODELS AND THE SURVIVAL OF THE PLANET[48]

One of the notable contributions Baccaro and Howell make in *Trajectories of Neoliberal Transformation* is to address the demand side of the economy. Here, they draw on Keynes and Kalecki, and on Baccaro's groundbreaking work with Jonas Pontusson.[49] Growth models point to a glaring omission in CPE, where the vast majority of work has focused on the supply side. On this front, too, the liberalization of industrial relations has brought problems: the transition from the Fordist model of wage-led growth, "the most efficient and equitable capitalist variant so far"[50] has given way to export-led growth model in the case of Germany and debt-led growth in the case of the United States — and both are unbalanced and unstable because they lack "an institutional mechanism ensuring that aggregate demand would grow in tandem with aggregate supply."[51]

The liberalization of industrial relations has contributed to the undermining of the Fordist growth model, which has in turn generated a

48 I am grateful to Christine Parker, professor at Melbourne Law School, for insights and literature suggestions that informed this section. This section also draws on the following lecture: Christine Parker, "The Challenge of Eco-Social Regulation in a Consumptogenic World," featured speaker at the thirtieth annual meeting of the *Society for the Advancement of Socio-Economics*, Kyoto, Japan, June 23, 2018.

49 See Lucio Baccaro and Jonas Pontusson, "Rethinking Comparative Political Economy: The Growth Model Perspective," *Politics & Society* 44, no. 2 (2016): 175–207, as well as Lucio Baccaro and Jonas Pontusson, "Comparative Political Economy and Varieties of Macroeconomics" MPIfG Discussion Paper 18/10, Cologne: Max Planck Institute for the Study of Societies.

50 Baccaro and Howell, 209.

51 Ibid., 198.

tendency toward stagnation. The solution to this problem, they suggest, necessitates "enabling demand to expand in parallel with the productive capacities of the economy."[52] Their analysis of growth models is sound, but their policy prescriptions raise concerns. Is the goal of increasing growth in the world's most affluent countries compatible with the reality of climate change and earth's finite resources, which humans are now using up faster than ever before?[53] Can economic growth — the growth of value added — take place without causing significant environmental damage? The record so far is not encouraging. What if we need to consume less in order to avoid looming ecological disaster (for example, the melting of Antarctic sea ice, with massive implications for weather patterns [droughts, floods, fires] and for sea-level rise), and runaway and potentially catastrophic climate change?[54]

I do not raise this issue to defend the grossly unequal and unjustifiable *status quo* distribution of capital, income, life chances, life expectancy, etc. in advanced capitalist societies. Nor am I prescribing another dose of austerity, which is morally bankrupt and does not work.[55] But scholars should be wary of prescribing solutions that may make capitalism economically and socially sustainable while destroying the planet. "The idea of a non-growing economy may be an anathema to an economist. But the idea of a continually growing economy is an anathema to an ecologist."[56] To clarify, this is a quibble with a relatively minor point in one chapter of the book.

One thing is clear: previous attempts to address this problem, including Green Growth, are woefully inadequate,[57] so new attempts,

52 Ibid., 222.

53 https://www.footprintnetwork.org/.

54 Ian Gough, *Heat, Greed and Human Need: Climate Change, Capitalism and Sustainable Wellbeing* (Cheltenham: Edward Elgar, 2017).

55 Mark Blyth, *Austerity: The History of a Dangerous Idea* (New York: Oxford University Press, 2013).

56 Tim Jackson, *Prosperity Without Growth: Economics for a Finite Planet* (Abingdon: Routledge, 2009): 14.

57 Kyla Tienhaara, *Green Keynesianism and the Global Financial Crisis* (Abingdon:

such as a "Green New Deal," will have to be much bolder to make a real difference. We can only hope that flagging the problem of ecological constraints will help spur new attempts to find solutions that address the demand side of the economy and the pernicious effects of inequality within ecological limits. Focusing on the demand in addition to the supply side is an important analytical innovation for CPE, but policy prescriptions must also take account of ecological limitations, in other words of the consumption and ecological side, as well as our responsibility toward future generations.

For those who seek to bring about the end of neoliberalism, *Trajectories* is essential reading. Baccaro and Howell make it unmistakably clear that a revival of trade unions, collective solidarity, and working-class mobilization — in short, a shift in the balance of class power — will be necessary to achieve this goal. Whether it will be sufficient is another question altogether. This book will help those who wish to build a better future to avoid the mistakes of the past, and see clearly what they are up against. ⊬

Routledge, 2018).

Has the power of managers in the contemporary economy increased to the point of ushering in a new economic system? Is traditional class politics obsolete? In their new book, Gérard Duménil and Dominique Lévy argue "yes" on both accounts. However, while Duménil and Lévy present an empirically rich and analytically interesting account, they fail to make their case on either question. Real power remains in the hands of the capitalist class.

DO MANAGERS RULE?

NICOLE ASCHOFF

GÉRARD DUMÉNIL & DOMINIQUE LÉVY

Managerial Capitalism: Ownership, Management, & the Coming New Mode of Production
(London: Pluto Press, 2018).

The struggle against capitalism is as old as capitalism itself. The battles have been bitter and bloody, with triumphant highs and painful, lasting lows. But the Left is nothing if not tenacious. We keep the red flag flying, doggedly struggling for a better world, for socialism. Despite the odds, we never give up.

Gérard Duménil and Dominque Lévy, two highly regarded heterodox economists, want us to give up. They've had enough of our flailing and failing. To convince us, they've written a new book, *Managerial Capitalism: Ownership, Management and the Coming New Mode of Production*.[1] The book argues that our quest has been in vain: The working class won't rise up and bring socialism. If anyone is going to

1 Gérard Duménil and Dominique Lévy, *Managerial Capitalism: Ownership Management and the Coming New Mode of Production* (London: Pluto Press, 2018).

save us it will be the doctors, lawyers, bankers, consultants, and other members of the 1 percent.

This may seem like a surprising message coming from Marxists, but Duménil and Lévy (D-L) have been developing this argument for a long time. *Managerial Capitalism* reads like an opus, consolidating and honing their empirical and theoretical case for the end of capitalism and the triumph of managerialism — a "new antagonistic mode of production."

* * *

To be sure, D-L haven't written off the "popular" classes (the 99 percent) who they argue still have a role to play. Instead, they argue that the Left has made a mistake in locating them at the center of history — a mistake they place at the door of Marx and Engels. D-L say that Marx's theory of history was wrong — well, partly wrong.

The correct part of Marx's historical model, according to D-L, was that capitalism has brought increasing socialization — expanding and deepening rationalization and bureaucratization — which they see as a good thing. Marx's model went south, according to the authors, when it assumed that this background process of advancing sociality would eventually combine with the increasing contradictions of capitalism (stemming from class divides and competition) to empower the working class to rise up and overthrow capitalism, bringing socialism. Marx and Engels were wrong, D-L argue, to believe that capitalism would be replaced with socialism via ordinary folks.

D-L consider the weakness of Marx's historical framework, combined with his under-specification of class, to be a serious analytical barrier, blinding us to big shifts that began as far back as the nineteenth century: namely, the start of a slow transition from capitalism, which values private ownership and hereditary transfers of wealth, to managerialism, which empowers high-wage workers and rests on the values of meritocracy. In short, we've vastly underestimated the importance of managers in the process of accumulation.

If we took the role of managers seriously, the authors contend, we would realize that already by the New Deal, the managerial class — "the wage earners belonging to the upper fractiles of income hierarchies"[2] — had taken the reins in a hybrid mode of accumulation called managerial capitalism. In the years encompassing the post-WWII compromise, these managers were actively transitioning society to a new mode of production beyond capitalism. D-L say economists at the time — Burnham, Schumpeter, Galbraith, Chandler — saw the writing on the wall: market mechanisms were constrained and the profit motive dampened, both "expressions of the growing distance from the economics of capitalism." [3]

This transition was disrupted by the neoliberal counterrevolution which seemed to herald a return to the old ways (wages and bonuses tied to stock prices, for example). In the melee the growing power of managers was forgotten, while the postcapitalist musings of Galbraith and Schumpeter were consigned to the dustbin. D-L argue that this forgetting was a mistake. They say that over the past few decades managers have retained and increased their control, this time in a compromise with the bosses instead of the workers. When the crisis of 2007–8 hit, the managers used their dual power in the markets and in government to steady the ship.

Today, D-L say the managers are more powerful than ever — they've become a new ruling class that, unlike elites of old, lives primarily on wages rather than capital. It is the managers, not the owners, D-L contend, who run the global economy, and if we look at the twentieth century overall, it is these high-wage earners, rather than owners of capital, who've seen the strongest gains.[4]

Ten years after the crisis we've reached a turning point. Neoliberalism seems to have run its course, morphing into what the authors call "administered neoliberalism" — an unstable system that is one step

2 D-L, 11, 15.

3 D-L, 14.

4 D-L, 91.

closer to "the gradual establishment of relations of production beyond capitalism."[5] But in this moment they also see an opening … of sorts. Divisions within the upper class are growing and the very top — the .01 percent — has accumulated such unimaginable wealth that it is floating away. D-L argue that this elite polarization creates a space for the popular classes to make an alliance with the lower-upper class — those who take home a shade under half a million dollars a year. We just need to convince them to side with ordinary folks instead of capital — like we did in the 1930s. In doing so we can develop a new compromise that someday, maybe, will bring us something that we can still call socialism, "as the mark of a reclaimed affiliation with earlier endeavors."[6]

* * *

There are two interrelated elements of *Managerial Capitalism* that are timely and warrant further interrogation. The first is the authors' focus on the shifting material basis of the upper class and its significance for the future of capitalism. D-L present data showing how in the 1920s the top 1 percent derived only 40 percent of its income from wages (pensions, bonuses, stock option exercises, etc.); the rest was capital income (sum of dividends, interest, and rents). By the early 2000s the breakdown was skewed in the opposite direction; elites today make roughly 80 percent of their income from wages. D-L say this shift undermines our traditional understanding of capitalism as a "social structure based on the private ownership of the means of production. The capitalists, as owners of the means of production, are the upper class; they make decisions regarding the use of the means of production."[7] Today, the upper class is a bunch of wage earners.

The question of how to classify highly paid workers is an old one: do they fall in the capitalist camp or the worker camp? Generations of

5 D-L 11.

6 D-L, 224.

7 D-L 53.

historians, development experts, sociologists, economists, and labor scholars, Marxist and non-Marxist alike, have wrestled with how to parse out who benefits from capitalism and actively or passively wants to see it continue and who could be convinced that they'd be better off with socialism. We've given these high-paid workers in "contradictory class locations" many names: salaried bourgeoisie, managerial bourgeoisie, and so on, but we've never come up with a pithy solution to the conundrum.[8]

However, most scholars, and not just radicals, agree that a deep, structural divide separates the ruling class and the working class. The ruling class privately owns the means by which ordinary people make their livelihood. They decide to create or not create jobs. The rich reproduce themselves and hoard opportunities and resources through closed networks and backdoors to power. The working class does not; the only way it gains power is by collectively refusing to reproduce the system.

D-L aren't satisfied with this understanding of class. They are frustrated that even though "the main social split is nowadays between lower and higher wage earners, and increasingly so in conformity with the rise of managers, the resistance to the development of a new analytical framework remains very strong in the left."[9] They see the skew in the income of the upper class towards wages rather than capital as fundamentally important: It's not capitalism if the richest people are getting rich primarily from wages instead of capital.

Setting aside the debate about whether we can neatly distinguish between wages and capital income in this era of financialization[10] (particularly given the post-2008 "recovery" policies of the US Fed), does the purported shift to wages as the lifeblood of the ruling class mean we're no longer in capitalism, or that we're transitioning to a

8 Some examples: Erik Olin Wright, *Classes* (London: Verso, 1997); Slavov Zizek, *The Year of Dreaming Dangerously* (London: Verso, 2012); Richard Sklar, "The Nature of Class Domination in Africa," *Journal of Modern African Studies* 17, no. 4 (1979) 531-552.

9 D-L, 84.

10 Michael Roberts addressed this in his review of the book, "Managers rule, not capitalists?" *Next Recession Blog*, April 29, 2018.

new mode of accumulation? How much capital does one have to own to be a capitalist?

D-L joke about "circles of stricter or looser Marxist obedience"[11] but in morphing class and centile they've resuscitated old debates. It may very well be that the ruling class is now living on wages more than it did in the past but that doesn't mean the divide between the rich and poor has blurred or become more permeable. Class is not reducible to asset classes, income streams, or the skills one brings to the marketplace. Class is about the power of elites — elites who actively reproduce their class power through relationships, networks, and institutions.[12] The rich have prospered since the 1970s while the working class has seen its power reduced to pre-New Deal levels. The ever-widening gap between the rich and the rest (regardless of our Polanyian daydreams of a leftward swing) demonstrates this better than anything.

Capitalism, as an historical system, has evolved over time and by extension so has the makeup and networks of its ruling elite. D-L show this in fascinating detail in their chapter on class and imperial power structures. Drawing from the Orbis 2007 marketing database they diagram the global network of ownership and control, highlighting both the persistence of a dense Anglo-Saxon global network and how "the management of the ownership of the large economy is basically in the hands of top financial management."[13]

But at the risk of beating a dead horse, we shouldn't lose sight of the fact that, despite significant reorganization, the driving imperatives of capitalism to demand competition, to commodify new spheres of life, and to prioritize profit above all else have remained the same. How the ruling elite gets its succor has not changed these imperatives, at least not yet.

This is why many on the Left are resistant to a new framework, not

11 D-L, 29.

12 Sam Gindin and Leo Panitch, "Marxist Theory and Strategy: Getting Somewhere Better," *Historical Materialism* 23, no. 2 (2015) 3–22.

13 D-L, 122, 125.

because we cling to the idea that the ruling class must be solely or primarily owners of capital assets, but because the driving imperatives of capitalism haven't changed. The ruling class is simply finding new ways to cement and reproduce its power as capitalism evolves.

* * *

D-L aren't just concerned with fixing Marx's theory of class to properly account for the role of managers in accumulation. They also want to show how managers could be central to building a better world. They do this by emphasizing the part of Marx's theory of history that *was* right, in their opinion: the fact of increasing sociality — increasing bureaucratization and rationalization of governance and production. This is the second major thrust of the book.

D-L pull together the threads of Marx and Engels that underscore a "tendency towards rising degrees of sociality, or equivalently, socialization, notably the socialization of production associated with the advancement of productive forces."[14] They agree with Marx and Engels that capitalism is the "great architect of gradually more sophisticated and 'efficient' economic and, more generally, social relations."[15] They characterize increasing sociality first by "the technical aspect of production and the corresponding division of tasks, within firms and among industries" and second by the increasing "organizational role of central statal or para-statal institutions both domestically and internationally."[16]

This background process of socialization is central to the authors' analysis. They say that over time capitalism has engendered increasing complexity in tasks, technology, and production processes, and the needs of governance have become more variegated and demanding (as the state has increased its reach and capacities), increasing the need

14 D-L, 41–2.

15 D-L, 41–2.

16 D-L, 48.

for, and power of, managers. The old system, D-L contend, in which "ownership is transmitted within family relationships by inheritance or marriage" just doesn't cut it any longer.[17]

Today "individuals are located within distinct positions depending on their skills. A variety of tasks has to be performed; there is a division of labor within firms, as well as among firms connected by markets or interacting through given forms of central coordination or organization."[18] Managers have become "the key agents in the progress of organization" and they get where they are through hard work and skills, not inheritance. As a result they value meritocracy.[19]

The ascension of meritocracy over inheritance, D-L argue, was already visible in the post-WWII period when "the advance of managerial traits, associated with the rise of the new relations of production, gradually dismantled the foundations of capitalist practices as well as the ideologies of the private ownership of the means of production, including its hereditary transmission, under the banner of meritocracy."[20]

Today, meritocratic ideals hold even more sway. Meritocracy is the guiding narrative of the knowledge economy, of the Information Age, of the Silicon Valley "disruptors." Advances in science, medicine, business, and finance have made higher education more important than ever. Good jobs require great credentials. All this feeds not only the growth of managers but also the "ideology of meritocracy" which D-L say increasingly "substitute[s] for the values of ownership."[21]

D-L place great emphasis on this background evolution of increasing sociality, both because they think it has made society better for everyone (a knowledge-based economy is assumed to be better) and because it imbues the emergent legitimating framework of managerialism with a skew toward meritocracy rather than heredity or a might-makes-right

17 D-L, 53.

18 D-L, 43.

19 D-L, 44.

20 D-L, 215.

21 D-L, 54.

logic: "Given the enhancement of, notably, social interaction and education, the monopoly of social initiative on the part of minorities [elites] would become more and more difficult to sustain along the course of a managerialism sufficiently bent in a direction of social progress."[22]

D-L say the centrality of meritocracy in today's society holds the promise of "building a dignified future on the most progressive traits of managerial modernity."[23] Skilled, smart people will prosper in managerialism. With a bit of elbow grease, and a lot of studying, anyone can be anything. The American Dream might just come true after all.

While meritocracy instead of inheritance certainly sounds appealing, it doesn't quite fit reality. Most wealth, at least in the United States where D-L concentrate their analysis, continues to be transferred from elite parents to their elite children, and is highly skewed according to race, class, and gender. The United States might have the richest wage workers, but it has the least amount of intergenerational mobility.[24]

Perhaps a manager-led economy will evolve toward meritocracy in the future, given the knowledge and skill requirements of modern-day capitalism? It's possible, but it doesn't seem likely given the current trajectory. The world built and championed by the "boy kings" of Silicon Valley and Wall Street rainmakers is a world defined by exclusion and hyper-competition. The most "advanced" sectors create the fewest good jobs. Young people are more educated, more productive, more hard-working than ever, yet they are worse off than their parents or grandparents.[25] The knowledge economy is an economy that doesn't need or want most people's knowledge, particularly the knowledge of poor people and people of color.[26] Ordinary folks are increasingly

22 D-L, 216.

23 D-L, 212.

24 Miles Corak, "Income Inequality, Equality of Opportunity, and Intergenerational Mobility," Discussion Paper No. 7520, Bonn: Forschungsinstitut zur Zukunft der Arbeit (July 2013).

25 Malcolm Harris, *Kids These Days: Human Capital and the Making of Millennials* (Boston: Little Brown and Company, 2017).

26 William Darity, "The Undesirables, America's Underclass in the Managerial Age:

consigned to tending to the wealthy and shopping. If they can't service or consume they are ignored, warehoused, or killed.

The meritocratic ideals of the managerial ruling class, to the extent that they exist at all, will not trickle down to spur a more equitable society.

* * *

Duménil and Lévy are no Pollyannas. They acknowledge that a world run by managers could be just as bad as capitalism. They say the trend of increasing sociality has created the potential for a more equitable society, and that, despite our losses during the neoliberal period, we're in a better place than many believe. All the hard work of the popular classes hasn't been in vain because "century after century gains accumulate."[27]

D-L are counting on ordinary people to, through "patient conquests" and "obstinate class struggle," sway our managerial overlords to our side — to "bend them to the left." They say "bifurcations" are moments of contingency. For example, in the 1970s crisis they argue that there was nothing "that required a transformation of the postwar compromise to the benefit of the alliance between upper classes in neoliberalism."[28] Following Marx, they contend that "circumstances were created, but the outcome, that is, the determination of one specific configuration of class alliances and domination, remained contingent and determined by political circumstances."[29] Today they see a similarly contingent moment. To seize the gains we want they implore us to look back to when things were the best for the American working class and to rebuild the Keynesian compromise.

Beyond the Myrdal Theory of Racial Inequality," *Daedalus*, 124, no. 1 (Winter 1995): 145-165.

27 D-L, 214.

28 D-L, 154.

29 D-L, 154.

The Keynesian era, D-L contend, represented a "new hierarchy of class powers" and a "new social order" that "was the expression of a political compromise between popular classes and the rising classes of private and public managers." Under this social order, "based on an alliance between managers and popular classes, exceptional degrees of 'democracy' were … reached." [30]

D-L are right that there is an opening today. But looking back is not the answer. The postwar compromise was shaky, exclusionary, and riddled with contradictions at its peak. The bosses never gave in. They fought the whole time. The only thing that kept the compromise alive was the threat posed by the Soviet Union, the space for profitable economic growth after the devastation of WWII, and the power of organized labor and mass social movements — a power so great it made ruling elites quake.[31]

The 1970s was a crossroads. In that moment of profound crisis workers and social movements demanded deeper, more radical change to push beyond the contradictions of Keynesianism. The ruling class was faced with a choice. It could have gone with the workers, instituting real industrial democracy and meaningful redistribution. It didn't. Elites opted to side with capital, to circle the wagons rather than manage away capitalism.

In doing so elites left us with a powerful lesson — a takeaway that is the opposite lesson from *Managerial Capitalism*. Beyond a certain point the rich will never vote away their wealth and power. When push came to shove in the seventies, highly paid professionals knew which side their bread was buttered on. There is no reason to believe that this time around will be different, that the managers will be able to, or choose to, use their position to manage away capitalism. Why would someone making half a million dollars a year side with someone making thirty thousand? A shared belief in meritocracy?

30 D-L, 99–100.

31 See for example, Giovanni Arrighi, *The Long Twentieth Century: Money, Power, and the Origins of Our Times* (London: Verso, 1994).

None of this is to say that D-L's analysis isn't valuable. They expertly demonstrate how global capitalism has evolved as a historical system. It has become more rationalized and bureaucratized. The pathways through which the capitalist class accumulates wealth and reproduces itself have shifted. But the fundamental drives of accumulation, of gaining and reproducing power, have not changed.

Correspondingly, the role of the working class has not changed. If we want a better world, it's up to us to make it. Duménil and Lévy are right that there will be no natural progression to socialism, but the Left has known this for a long time. We keep the red flag flying anyway — to rein in our bosses, to fight injustice, to build a better world here and now.

Three recent works have added to our understanding of colonial dominion over the Palestinians, challenging the claim that the occupation of Palestinian and Arab land after the June 1967 War was an aberration of the Zionist project. They show how continuities exist between Zionist colonial designs before and after 1948 and 1967. I argue that these works help us in understanding that the colonization of Palestinian land after 1967 is one stage in a longer settler-colonial trajectory. But these works would benefit from taking their analysis even further.

OCCUPATION NATION

FARIS GIACAMAN

GERSHON SHAFIR
A Half Century of Occupation: Israel, Palestine, and the World's Most Intractable Conflict (University of California Press, 2017).

GUY LARON
The Six-Day War: The Breaking of the Middle East (Yale University Press, 2017).

NATHAN THRALL
The Only Language They Understand: Forcing Compromise in Israel and Palestine (Metropolitan Books, Henry Holt and Company, 2017).

Anyone embarking on a study of Israel's territorial expansion is likely to encounter a dizzying number of terms describing it: "Bantustanization," "cantonization,"[1] "enclavisation,"[2] a "matrix of control"[3] — and an even greater variety of frameworks to explain it. Many studies examine its spatial and architectural dimensions, while others explore its legal dimensions, often leading to the conclusion that it is

1 Leila Farsakh, "Independence, Cantons, or Bantustans: Whither the Palestinian State?" *Middle East Journal* 59, no. 2 (2005): 230–245.

2 Ghazi-Walid Falah, "The Geopolitics of 'Enclavisation' and the Demise of a Two-State Solution to the Israeli-Palestinian Conflict," *Third World Quarterly* 26, no. 8 (2005): 1341–1372.

3 Jeff Halper, "The 94 Percent Solution: A Matrix of Control," *Middle East Report* no. 216 (2000).

a form of apartheid. Some of these concepts have been undoubtedly useful, while others have been more trouble than they're worth. But one thing that they have in common is that they tend to focus exclusively on "the occupation" — that is, the lands conquered after the June War of 1967 — to the detriment of understanding the broader makeup of colonial power blocs and interests. Three recent additions to the literature go farther than others in demonstrating the continuity between the pre-1967 and post-1967 periods. They show that the occupation is part of a larger trajectory of settler-colonial designs, which have characterized Zionism from its early inception. The best way to understand what motivates settler designs is to see it as a modern settler-colony, with its own particular set of interests. While differing from one another in many respects, they succeed in showing that the occupation of the West Bank, Gaza, and other Arab lands after 1967 was not some sort of aberration in the original Zionist project, but an organic extension of it.

THE OCCUPATION AS AN EXTENSION OF ZIONISM

There is a trend in the study of colonial policy to regard the occupation after 1967 as a historical "rupture" with what came before it. This liberal Zionist view is backed up by an implicit moral valence, which regards the colonization of Palestine up to 1967 as justified, straying from its hitherto noble path with the onset of the occupation. As a corollary to this trend, scholars end up focusing solely on the occupation in assessing policies towards the Palestinians.

The authors under review in various ways present evidence challenging this trend — though not always successfully.

Gershon Shafir seeks to address three interrelated questions: what is the occupation, why has it persisted so long, and how has it transformed "the Israeli-Palestinian conflict?" He answers them respectively in three essays, which together comprise the book. In the first essay, he describes the occupation's four basic elements: as a legal category, an everyday experience, the dynamics of resistance, and occupation as a process

of colonization. It is the interplay of these four facets which determine Israel's strategy, as well as the evolution on the ground.[4] In the second essay, Shafir attempts to explain why the occupation has lasted so long, laying out several mutually reinforcing factors: the persistence of American support and granting Israel international impunity; the indirect enablement of the occupation by International Humanitarian Law (IHL) through vague legal provisions; and most importantly, the persistence of "extremist" tendencies in both Israeli and Palestinian society (respectively, the Gush Emunim settler movement, and the Islamic Resistance Movement, Hamas) which reject any attempt at a political settlement. He argues that Hamas and Gush Emunim play vanguard roles in their societies, where the radicalization of the colonization process engenders a radicalized form of resistance in response. In the third and final essay, Shafir conducts a feasibility analysis of the one-state and two-state solutions. He cautiously endorses the latter over the former, in that it is politically achievable, in spite of recent claims that it is obsolete.

Nathan Thrall's book argues that the only language either side understands is the language of force, and that any future settlement will consequently only be achieved through coercive means. He lays out a narrative in which the history of colonial withdrawals from conquered territories has always come on the back of concerted resistance. From the 1956 Suez Crisis, to the 1973 October War, to the withdrawals from southern Lebanon in 2000 and 2006 and the 2005 Gaza disengagement, Israel has only ever relinquished its hold over territory "under duress."[5] Moreover, many offers for territorial concessions were only made in the aftermath of a rising death toll, as with the case of Ariel Sharon's proposal to pull out from all territory occupied ever since the outbreak of the Second Intifada, which came in response to the exaction of heavy casualties during the Intifada's first few years.

4 Gershon Shafir, *A Half Century of Occupation: Israel, Palestine, and the World's Most Intractable Conflict* (University of California Press, 2017): 3–4.

5 Nathan Thrall, *The Only Language They Understand: Forcing Compromise in Israel and Palestine* (Metropolitan Books, Henry Holt and Company, 2017): 27.

Likewise, Palestinian capitulation has only come in response to "military defeat, economic deprivation, and the threat of cutting off the path to a Palestinian state,"[6] whether it be the 1974 Ten Point program after the defeat of Black September in 1970 and the 1973 October War, or the PLO offer of a truce with Israel in 1977 after its military defeats in the War of the Camps, or its support of the Geneva Declaration in 1983 following its exile from Lebanon in 1982, among a myriad of other instances. Finally, Thrall spends a majority of his book illustrating that the various attempts at diminishing friction between both sides, whether it be through the Palestinian Authority's security coordination with Israel, or efforts at creating "economic peace" through PA state-building, or US-mediated diplomacy, have proven futile in reaching any sort of "compromise."

Laron's work is narrower in scope, a history of the 1967 War, offering a reinterpretation of its origins and the reasons for its outbreak. Chiefly, he argues that the war was made possible by two main features: a divide in the civilian and military leadership in each of the warring parties (Israel, Egypt, Jordan, and Syria), and a global debt crisis whose effects were keenly felt in those countries. The first trend was the immediate cause of the war in that military generals held key decision-making positions, allowing them to take confrontational steps which led to rapid military escalation. This assumes that generals are conflict-centered in orientation and tend to support policies that bolster the military's status, authority, and resources, while civilian leaders tend towards diplomatic solutions.[7] It was the increasing power of the military in contrast to the civilian leadership which not only led to the outbreak of the war, but also made military occupation more likely in its aftermath.

The second trend is what contributed to the rise of the military in the first place, since the global debt crisis of the 1960s following the weakening of the Bretton Woods gold-dollar standard created a balance of payments crisis in the countries involved. Typically, this meant

6 Ibid., 41

7 Guy Laron, *The Six-Day War: The Breaking of the Middle East* (Yale University Press, 2017): 3.

cutting government budgets in order to shrink the country's debt, which entailed a reduction in the provision of public goods. This led to popular discontent, and in the midst of this crisis, the military stepped in as a means of enforcing the drastic drop in standards of living. Militaries became important institutions with a great deal of power relative to the civilian leadership,[8] and regularly used this power to implement unpopular policies. This led to a trend of shifting civil-military relations in the countries involved in the 1967 War. What is most important about Laron for our purposes is not so much his explanation of the minute details leading to the outbreak of the war, but rather his outline of the centers of decision-making power in the Israeli state.

SHAFIR'S ARGUMENT: CONTINUITIES BEFORE AND AFTER 1967

Zionism and colonial expansion are historically coterminous, and the modern Israeli state has always been committed to territorial conquest. It doesn't matter whether one is talking about the pre-1948 Yishuv, the post-1948 nascent state, or the post-1967 occupation. What matters is that it has always operated with the twin objectives of demographic superiority and territorial expansion. To put it more simply: as many Jews as possible on as much land as possible, or to employ its flip side, as few Arabs as possible on as little land as possible. That's why any attempt at carving a distinction between a pre-1967 and post-1967 period rings hollow.

Any proponent of this view, therefore, would do well to flesh out the continuities between these two periods. The authors under review do just this in different ways, although they might not fully subscribe to the above formulation. Shafir outlines continuities between the Zionist colonization of Palestine over a century ago and the regime of the occupation after 1967. Firstly, he regards Zionism as a settler-colonial movement,

8 Ibid., 6.

situating it in a comparative historical light. Secondly, he argues that certain facts about the nature of Zionist demographic and political pressures pushed for territorial expansion. And thirdly, he demonstrates how the same non-state institutions which carried out colonization before 1948 were employed for colonization activities after 1967.

Describing Zionism as a settler-colonial movement bent on territorial expansion, Shafir draws upon the works of Patrick Wolfe and Lorenzo Veracini, which characterize the relationship between the colonist and the native population as a "zero-sum game." That is, the purpose of the colonial project is not to exploit the native population, but to replace it.[9] It is in this sense that the "occupation" is not an occupation at all — for an occupation denotes a state of temporariness, especially under international law, whereas the occupation of Palestinian lands after 1967 is merely a continuation of the "settler-colonial method of piecemeal colonization that also created Canada, Australia, South Africa, and the Spanish-speaking states of the New World."[10] Not only that — Shafir sees Zionism as having been more successful than any other settler colonies of its ilk. The French in Algeria, Tunisia, and Morocco, the Portuguese in Mozambique, the Germans in Namibia, the Italians in Libya, the British in Kenya — all of them ultimately failed where Israel succeeded. In fact, while responding to the claim that Jews couldn't have been colonists because they were refugees, Shafir provides a historical insight which has not been much considered: the primary reason why Zionism alone among all of the above cases was able to succeed was *because* of Jews' refugee status. According to Shafir, the influx of Jewish refugees with no metropole to return to created the overriding need to accommodate them through territorial expansion. More crucial still was British collusion as an enabling factor in the territorial drive.[11]

The need to settle a new population helped strengthen Zionism's

9 Shafir, 91.

10 Ibid.

11 Ibid., 94.

territorial drive, making the struggle over land its *sine qua non*. Hence in the 1920s "all Zionist parties were maximalists" in that they envisioned the future Jewish state to go beyond the Jordan River and the Golan Heights, encroaching into modern Jordan and Lebanon.[12] According to Shafir, this would later change for a part of the movement, when the Labor Settlement Movement (LSM) moderated its ambitions by accepting the British Peel Commission's proposed partition of 1937. Still, the colonization of Palestine remained the primary strategy of "Israeli state-building" even after 1948.[13]

This is why when victory was at the door in 1967, Defense Minister Moshe Dayan found it easy to proclaim that all they need do with the newly conquered territories is carry on with business as usual. Shafir paraphrases a Kibbutz leader's address to the Labor Party in 1971 in his pronouncement that "expansion, whether to the Jordan River or to Tel Aviv, originated from the same pure source of national revival."[14]

In fact, the very organizations used to institutionalize the occupation — the World Zionist Organization (WZO), the Jewish National Fund (JNF), the Jewish Agency (JA), and others — were the same ones that had been central to the earlier colonization drive during the British Mandate. These instruments were "honed before 1948 to a sharp edge, and subsequently deployed within Israel's new boundaries." This may have seemed redundant, since the state could have taken over the management of colonization directly, but that would have entailed granting citizenship rights to Palestinians, and so these institutions were used to ensure the demographic homogeneity of the land it colonized. It is in this sense that these non-state institutions, with active state collusion and subsidization, embodied the spirit of Zionism. They were not only responsible for colonizing the newly conquered territories, but also were in charge of the immediate post-1948 settlement projects on Palestinian land, first seized by the state and then enlisting the employment of the

12 Ibid.

13 Ibid., 95.

14 Ibid., 96.

WZO, JA, and JNF to carry out colonization.[15]

Shafir further illustrates what he calls "the continuity of settler colonialism across the divide of the 1967 War" in his revealing assessment of the 1972 Rafah Approach, a High Court of Justice case which regarded Jewish settlement in itself as a "security measure," which went to show that Israel considered the future territory it wished to settle to be part of its borders. This made the need to ensure security over what it regards as its own territory of paramount importance, hence regarding settlement as a security measure.[16]

The nature of colonial activity shifted during this period. Previously, colonization was carried out by the LSM during the Yishuv years and up until 1977, when the newly elected right-wing Likud government took over colonization. The LSM-led period of settlement followed the strategy of Hebrew Labor — to avoid the employment of non-Jews on newly acquired land, therefore blocking off the Palestinian population from the land and labor market. The purpose of this separatism, Shafir argues, was to ensure Jewish demographic supremacy — but it was this objective which itself shaped the form taken by the colonial drive.

Labor Zionists could not have pursued the objective of demographic superiority if they colonized areas with a large number of Palestinians, and so they prioritized the annexation of land with less people on it. This is the strategy which subsequent Labor governments pursued after 1967 as outlined in the famous Allon Plan, and at different points Yitzhak Rabin ejected Gush Emunim's Elon Moreh settlement from densely populated areas in the northern West Bank. Therefore, Shafir concludes, "being militant in its demand for *exclusive* Jewish employment, the LSM had become more *modest* in its demands for territorial expansion."[17] With the shifting of governments in 1977, this formulation was reversed. The Likud government, and its settler arm, Gush

15 Ibid., 96–97.

16 Ibid., 98–99.

17 Ibid., 101, emphasis in original.

Emunim, prioritized seizing land over demographic superiority. It was this "new radical geography-centered approach to colonization," over the previous demography-centered approach, which to Shafir's mind intensified Palestinian resistance, since it made partition difficult and increased friction.[18] It is here that Shafir locates the "radicalism" of Gush Emunim, which was less willing to make territorial compromises than the LSM, and thus perpetuated Palestinian "radicalization."

MILITARISTS AND VEGETARIANS

This is the crucial point Shafir makes. Although Labor Zionists used to be "territorial maximalists" before 1948, the reality of Palestinian demographic presence led them to moderate their ambitions after 1967, retreating to a defense of the demographic integrity the Jewish state. Then the Likudniks found themselves in power, and they took up the mantle of territorialism. Their hawkish vanguard, Gush Emunim, carried the maximalist torch once again.

But is Shafir's characterization correct? Is it in fact the case that the demographic and territorial objectives of Zionism evolved in the way he describes? Nathan Thrall's *The Only Language They Understand* helps us take up a part of Shafir's claims. Thrall argues that the use of force has been the determining factor in bringing about territorial concessions. Along the way, he includes a sweeping analysis of Palestine's history, tackling issues ranging from a brief history of Labor Zionism, to an assessment of "Fayyadism" and so-called security coordination, to a reading of the 2015 popular uprising, to an explanation for why "non-violent" diplomatic efforts have proven futile. For our purposes, his foray into the history of Labor Zionism gives us a window into how he views the very category of occupation.

For one thing, Thrall implies that the distinction between a pre-1967 and post-1967 reality is artificial, alluding to Yehouda Shenhav's

18 Ibid., 101–102.

suggestion that there really is no difference between a "Jewish settlement in ruined Palestinian villages within the pre-1967 boundaries" and "Jewish settlement on Palestinian agricultural lands of the West Bank."[19] Thrall supports the notion that "the root of the conflict lies in the more than century-old project of Zionist settlement itself,"[20] rather than in the occupation. If we contrast Thrall with Shafir, things become clearer: the types of inequalities that Israel created between Jews and non-Jews "within Israel's pre-1967 lines *prepared the ground for still more unequal arrangements in the West Bank after 1967*."[21] Thrall asserts that these inequalities were set in place by the Ashkenazi Labor Zionist elite, which would later criticize the right-wing settler movement for perpetuating them. But it was "the growing awareness of these deeper, pre-1967 disputes" that doomed the "peace process" to fail, as it unmasked "the true nature of the conflict: a struggle between two ethnic groups between the Jordan River and the Mediterranean Sea."[22]

But Thrall doesn't stop there. He can be found lambasting the liberal Zionist tendency to "feel good about feeling bad," a tendency exemplified by Ari Shavit's performances of self-flagellation in *My Promised Land*. To be sure, Shavit is apparently critical of this tendency, readily castigating those who lament the injustices of "the occupation" to the exclusion of focusing on the events of 1948, but as Thrall argues, Shavit admits all of this and yet still regards the original creation of the Israeli state as a necessity.[23] Thrall's dissection of liberal Zionist pretensions shows that they really are no different than right-wing Zionists. Invoking Vladimir Jabotinsky's own phrase that there are "no meaningful differences between our 'militarists' and our 'vegetarians,'"[24] Thrall says

19 Cited in Thrall, 188.

20 Thrall, 188.

21 Ibid., emphasis added.

22 Ibid.

23 Ibid., 80–82.

24 For original source, see: Vladimir Jabotinsky's "The Iron Wall: We and the Arabs," www.marxists.org/history/etol/document/mideast/ironwall/ironwall.htm.

that liberal Zionists like Shavit market "militarist ideas in the language of a latter-day vegetarian."[25]

Shafir seems to suggest that there was a contradiction in the early LSM's prioritization of demographic superiority over territorial expansion, since any settlement which took place in already populated centers would automatically mean that Jews were a minority in that area. In contrast, the Gush Emunim settlers after 1977 reversed this trend, putting territorial expansion ahead of demographic contiguity, an act which set off the process of "radicalization" that has given rise to Palestinian resistance.

We can see why Shafir pushes for this reading. It allows him to marry his analysis to a particular political conclusion: if the problem is that territory started to be prioritized over demography, then the simple solution is to retreat to territorial areas that still secure a Jewish majority — an "Israel proper." He does not say it in so many words, but it logically follows from his argument that he would not consider the quintessential feature of Labor Zionism today to be territorial superiority, but rather Jewish demographic supremacy. And for him, the prime objective of securing demographic integrity is endangered by the insatiable territorial ambitions of Gush Emunim, since newly conquered territory would already be inhabited by Palestinians, hence threatening what is called "Israel's Jewish character." To preserve the "Jewishness of the state," therefore, the liberals ought to be endorsed over the vanguardists — the vegetarians over the militarists.

The above formulation, therefore, explains the focus of the latter third of his book, which is a feasibility study of the one-state and two-state solutions. In it he concludes that the two-state solution is still politically achievable, if only the right kinds of pressures can be mobilized to generate the political will for its implementation. The framework of his book is geared towards how the particular issue of the occupation could be tackled, based on an assessment of its weaknesses and

25 Thrall, 93.

vulnerabilities. What concerns us here is Shafir's exclusive focus on the occupation, despite the fact that he took great pains to show that the occupation cannot be viewed in isolation, since the same structures which generated the initial settler-colonial encounter are merely being reproduced in the West Bank. If that is the case, then why would those structures suddenly cease in their expansionism and fall back on demography? Shafir's own evidence points to the contrary, while Thrall reinforces this in his emphasis on the continued relevance of "pre-1967 disputes" throughout the later colonial drive.

THE VEGETARIANS WERE THE MOST EFFECTIVE MILITARISTS

More importantly, it is simply untrue that the Labor Zionists moderated their territorial designs. Shafir's claims would only hold water if one completely ignored the central role of the expulsions of 1948 and 1967 as successive acts of territorial expansion. But Shafir omits this history. Zionist settlers had, from the early years of the colonial endeavor, constantly planned for (and actively sought to implement) the eventuality of "transfer" — a euphemism which Zionists used for ethnic cleansing — to solve the demographic problem. As settlers continued to conquer new lands throughout the Mandate period, the reality of Palestinian demographic superiority impressed itself upon the Zionist movement, leading to its repeated formation of numerous "transfer committees" throughout the 1920s, 1930s, and 1940s to plan for the practical implementation of expulsion.[26] And indeed, the culmination of these plans in the ultimate act of "transfer" in 1948 allowed for Zionism to secure both territorial expansion and demographic

26 For a detailed historical account of the various "transfer committees," see: Nur Masalha, *Expulsion of the Palestinians: The Concept of "Transfer" in Zionist Political Thought, 1882–1948* (Washington, D.C: Institute for Palestine Studies, 1992): 11, 12, 25, 31-33, 50, 53–54, 56, 61, 82, 103–110, 117–118, 126–135, 140–141. Also see: Benny Morris, "Yosef Weitz and the Transfer Committees, 1948-49," *Middle Eastern Studies* 22, no. 4 (July 1986).

integrity. The Nakba allowed for Zionist forces to gain control over vast swathes of new territories that were *simultaneously* cleansed of their inhabitants — more land, less Palestinians. Likewise, 1967 was a repeat performance, since the conquest of the West Bank and Gaza Strip was accompanied by yet another wave of expulsions.

That is why it is inaccurate to say that Zionism has had to balance between conquest and demographic purity; in reality, these two strategies have, in many cases, gone hand in hand. When territorial expansion was carried out *without* simultaneous expulsions, it was because either the conquered lands were non-populous to begin with, or there were international, regional, and internal restrictions to what they were able to get away with. The moment conditions allowed for realizing "transfer," the Zionist movement jumped at the opportunity. "Transfer," therefore, was not only a way of reducing the number of non-Jews, but rather a way of reducing the number of non-Jews *in new territories brought under its control*. In other words, "transfer" was itself a means of territorial expansion.

When examining the historical record, we observe a multiplicity of strategies pursued towards the land and its people: at some points, territorial expansion was the norm, and at other times, simultaneous expulsion and expansion was possible. The question of which strategy to prioritize was inherently tactical, but the *intention* to expand territorially *while* maintaining demographic superiority always existed, and that intention was in fact realized in at least the two major events of 1948 and 1967 — the most important events in the history of Zionism.[27] And most importantly, those events were presided over by the supposed "vegetarians."

27 For different sides of the debate on the salience of pre-1948 "transfer" plans, see: Norman G. Finkelstein, "Myths, Old and New," *Journal of Palestine Studies* 21, no. 1 (Autumn 1991); Nur Masalha, "A Critique of Benny Morris," *Journal of Palestine Studies*, 21 no. 1 (Autumn, 1991); Benny Morris, "Reply to Finkelstein and Masalha," *Journal of Palestine Studies* 21 no. 1 (Autumn 1991).
For an examination of the personal diaries of prominent Zionist figures demonstrating their complicity in various transfer initiatives, see: Benny Morris, "Falsifying the Record: A Fresh Look of Zionist Documentation of 1948," *Journal of Palestine Studies* 23, no. 3 (Spring 1995):44–62.

Rather than regarding Zionism as having "balanced" between geography and demography, as Shafir does, it would be more accurate to say that Zionism has always *attempted* to pursue *both*, but shifting circumstances and restrictions rendered one of those strategies momentarily untenable in different historical periods *at least on a mass scale*. Of course, small-scale expulsions occur on a regular basis up to today, especially settlement drives in areas of Jerusalem, al-Khalil, and various villages all across the West Bank, kicking out Palestinian inhabitants from their homes or restricting access to their nearby lands. Nominally, individual settlers or settler organizations carry out the theft, but it is in reality sponsored by the state. The state provides legislative cover for colonization, as with the case of the Absentee Property Law,[28] while the military is directly complicit by providing settlers with protection, and sometimes even in directly carrying out the theft.[29] This is why theorists of settler colonialism such as Wolfe and Veracini — cited by Shafir and whose theories he generally endorses — characterize settler colonialism as "a structure, not an event."[30] That is, it is a continuous process extending beyond discrete acts of ethnic cleansing and expulsion.

Laron's *The Six-Day War* even further illustrates this. Since his is a history of the origins of the 1967 War itself, he does not squarely deal with the issue of the occupation. But his delineation of the makeup of different decision-making centers of power does shed light on how the decision to occupy more Palestinian lands after the war was informed by a preexisting objective of territorial expansion. He makes this clear in his examination of the plans to expand Israel's borders, an intention which existed among influential army generals prior to the war. Laron devotes a part of his book to unearthing a brief social history of this segment of the army.

28 UN Office for the Coordination of Humanitarian Affairs, "Significant increase in risk of displacement in East Jerusalem," *Monthly Humanitarian Bulletin*, August 2017.

29 Peace Now, "Methods of Confiscation: How does Israel justify and legalize confiscation of lands?" January 1, 2009. http://peacenow.org.il/en/methods-of-confiscation-how-does-israel-justify-and-legalize-confiscation-of-lands.

30 Patrick Wolfe, "Settler Colonialism and the Elimination of the Native," *Journal of Genocide Research* 8, no. 4 (2006): 387–409.

Reading Laron, we can see where Shafir has not addressed key historical facts which contradict his view of the role of Labor Zionists in moderating their territorial ambitions. Laron shows us that the main luminaries of Labor Zionism were the same generals that pushed for increasing militarism, and specifically, the expansion of borders. The origins of the expansionist tendency among the army generals lies in the social base from which they emerged. Descending from the "*sabra*" generation of Zionists born in Palestine before 1948, they were known for their national fervor and frontier-centered worldview. Many of them were associated with the Ahdut Ha-Avoda movement, an interest group representing the constituency of settlers residing within the kibbutzim (Zionist communes), whose interests were tied to expansion. After 1948, the kibbutz movement was undergoing a crisis, as it could not expand without the creation of new borders. At the same time, kibbutz members were disproportionately represented within the military. Laron details the rise of several influential generals who pushed for territorial expansion in various areas prior to 1967, including Yigal Allon, David "Dado" Elazar, and Yitzhak Rabin, all of whom would come to play influential roles throughout the course of the June War. Rabin laid plans in the 1960s for scenarios of rapid territorial takeover in the event of the outbreak of a war, which would have to be carried out in a matter of days before a ceasefire was imposed by the UN.[31]

Amidst these developments, various plans were made for the occupation of the West Bank *well ahead of 1967*. During the early 1950s, shortly after the establishment of the Israeli state, it was the view of early Zionist leaders, including Ben-Gurion, that the 1949 armistice lines were "unbearable," representing a missed opportunity to conquer all of Mandatory Palestine.[32] In concert with Ben-Gurion, officers at the army's Planning Department started creating plans for "defensible" border expansion in 1953. From early on, Moshe Dayan was at the

31 Laron, 113–115.

32 Ibid., 107.

center of these expansionist plans.[33] When Levi Eshkol met with the General Staff in 1963, he was surprised to see their intention to use the next wars to expand Israel's borders for the purpose of achieving "strategic depth" in the face of the growing belligerence of neighboring Arab states.[34] When in April of 1963 protests broke out in Jordan that seemed to threaten to topple the monarchy, planners in the military saw the opportunity to plan for the takeover of the West Bank. The military's attorney general, Meir Shamgar, created "a codex of laws that Israel would enforce in the West Bank once it had been conquered."[35]

On the fourth day of the June War, the scenario that army generals had been planning for many years prior played out almost exactly as they had intended it. The state had achieved the strategic depth it desired. It was the particular split in the civilian-military leadership, with the primacy of the army as the most powerful institution in Israeli society, which made the expansionist drive all the more potent. In the epilogue to his history of the June War, Laron maintains that the army still remains the most powerful institution in Israeli society.[36]

Laron's account of the lead-up to 1967 serves as a useful counterpoint to Shafir. To be sure, all authors place the occupation within a larger colonial history, asserting the continuity between pre-1967 and post-1967 colonization in terms of institutions, ethos, political blocs, and interest groups. They lead us to conclude that the occupation was not a blind lurch into the dark, but a rational consequence of the power blocs and interest groups propping up policy-makers in the military and civilian apparatus. But Shafir's treatment ends up underemphasizing factors which, when we read them in Laron, highlight the centrality of the Labor Zionist establishment in expansionism.

Shafir's account of the shift from demography to geography allows

33 Ibid., 109.

34 Ibid., 106.

35 Ibid, 109. Incidentally, Shafir examines the "Shamgar doctrine" of legal control practiced by the occupation, which had its origins in this event detailed by Laron.

36 Ibid., 313.

him to isolate the likes of Gush Emunim as pushing for territorial expansion and causing the spiral into "radicalization." This glosses over the fact that Labor Zionists in 1948 were in charge of the greatest act of territorial expansion in the history of Zionism — the Nakba. Likewise, the expulsions of the Naksa of 1967 were clearly the design of the political mainstream. Laron makes this clear: the main architects of territorial expansion prior to 1967, including Rabin and Dayan, were doyens of the Labor Zionist movement. And this is not to mention the fact that the army as a whole, as Laron illustrates, has a vested interest in continuing and expanding the occupation. All of these actors, from Ben-Gurion to Dayan to Rabin, to the entire military establishment and the Labor Zionist movement, were the chief architects of territorial expansion *and* population "transfer." Gush Emunim cannot hold a candle to the feats of its "dovish" predecessors.

Of course, Shafir is not oblivious to this. In fact, much of his own investigations should count as evidence against the idea that the "vanguardism" of Gush Emunim was some sort of aberration. The basic fact you can glean from Shafir's book, but which he does not grant sufficient emphasis, is that Israel will continue to pursue its expansionist drive regardless of who is in power. The defeat of a narrow political bloc within Israeli society will not alter that drive. The existing power blocs on both the Right and the Left examined by Shafir continue to remain committed to the age-old Zionist principle: "maximum amount of land with a minimum amount of Arabs." The fact that increased colonization will inevitably face more Palestinians the more land it takes does not change the fact that it would prefer that the Palestinians never existed, and if given the chance, would see them all gone to fulfill its territorial designs. Any moderating ambitions regarding territory would only come about as a temporary tactical decision, or as a result of being forced by Palestinian resistance. The example of the 2005 Gaza withdrawal is worth considering here, as it demonstrates the reaction to forced territorial concessions.

After the evacuation of some 7,000 settlers from Gaza in 2005, the

Israeli government made up for it by stepping up an already increasing tempo of colonization in the West Bank. It continued to annex what in 2005 had amounted to a full 10 percent of the West Bank,[37] and which has since only increased. Moreover, the prospect of a full annexation of Area C (comprising about 61 percent of the West Bank) is constantly considered in parliamentary and legislative circles. To be sure, the Gaza withdrawal came on the back of Palestinian resistance, which, as Thrall observes, can and has eked out territorial control over parts of its homeland through the exaction of military costs. But what's worth noting is that the Israeli state has repeatedly sought to gain back these concessions whenever possible.

This doesn't necessarily mean that the territorial drive is endless and without limits. It is not that Israel cannot survive without conquest and expansion. But the fact that expansion isn't absolutely essential for survival will not stop the state from pursuing it relentlessly and uncompromisingly, even if the Left was in power. The alignment of interests and forces — on the Left as much as on the Right — makes it, for all intents and purposes, impossible to abandon expansion and settlement-building.

The strangling of Gaza stands as grim evidence of this. When in 2005 the army formally withdrew from Gaza by dint of armed Palestinian resistance, it became an autonomous zone which could not be easily penetrated by the military — a small victory of anticolonial struggle. But expansionist designs would not relent. The siege of Gaza had the singular purpose of telling the Palestinian people that the cost of resistance was starvation. This tactic was not new to Zionism, going as far back as the Mandate period, when Zionist militias razed whole villages in retribution against Palestinian resistance. This strategy of deterrence through collective punishment today aims to make the stranglehold on Gaza's people so tight that they will eventually revolt against the forces that won over the territory in the first place. To put it simply, it

37 Norman Finkelstein, "Unpublished Op-ed on Gaza," September 1, 2005, http://normanfinkelstein.com/2005/09/21/unpublished-op-ed-on-gaza-withdrawal/.

seeks to turn the people against the resistance. What the example of Gaza should tell us is that the colonial state does not easily give up its control over territory, even when coerced.

CONCLUSION

These works lay out the various motivations of Zionist settler-colonialism. From realist perspectives on the use of force, to explanations of contained social groups pursuing political objectives, to an outline of the military as an institution with particular interests, each author proposes a number of compelling explanations for colonial activity in Palestine.

While Shafir makes the most detailed and convincing case for the continuity of settler-colonial designs across historical periods, his ultimate judgement that fringe elements exemplified by Gush Emunim were the vanguard of continued colonization tends to displace responsibility from a systemic assessment of the nature of the colonial apparatus to the specific machinations of isolated groups. Works such as Laron's show that this was not the case in the decision to occupy and colonize the remainder of Palestine during the June 1967 War, where the main proponents were celebrated leaders of the mainstream Labor Zionist movement. Thrall also illustrates the centrality of liberal Zionism in colonial objectives, showing that those political actors had no qualms in employing the use of force to cementing control over stolen land.

2017 marked the one hundredth anniversary of the Balfour Declaration. This centenary offers us the opportunity to adopt a historical perspective which gets at the roots of present-day colonialism. Zionism was motivated by the twin objectives of territorial expansion and demographic supremacy from its early inception, and it was the very drivers of this expansion that led to its continued salience after 1967. The colonial domination over what is today called "the Occupied Palestinian Territories" is just another stage in the process of controlling the whole of historic Palestine.

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