

Obama and the Post-neoliberal Challenge¹

By John D. French

A joyous spirit of "Yes we did!" gripped the two million people who flocked to Washington D.C. for the inauguration of Barack Hussein Obama. It was a popular celebration of the end of the disastrous second installment of the Bush family dynasty that bled the country dry with wars of choice, disgraced the best of our values, and left us with a devastating meltdown of the U.S. economy. Since January, the economic situation has spiraled even more menacingly out of control with the new administration facing the challenge of restoring stability while turning the page on systemic failures inherited from the past.

President Obama began his 24 February address to Congress by observing that "the state of our economy is a concern that rises above all others," and no one, he went on, needs "another list of statistics to know that our economy" is hanging by a thread. Every day brings our citizens sleepless nights as tens of millions face lost jobs, foreclosed homes, threatened pensions, and the possibility of falling sick without medical coverage. But President Obama was also clear that we have now outlived an era that prized short term gain over a broadly-shared prosperity, in which politicians sought excuses to "transfer wealth to the wealthy" and "regulations were gutted for the sake of a quick profit." The waste of billions in Iraq and in the defense budget were highlighted, while he promised to finally end "the tax breaks for the wealthiest two percent of Americans . . . [and] for corporations that ship our jobs overseas."

That a new day has begun is clear, even though the the President's key appointments have shown little in the way of daring. Economic policy remains in the hands of Wall Street veterans

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and Larry Somers, the Clinton era's guru of neoliberal globalization. As with Bush, hundreds of billions of taxpayer dollars continue to be lavished on the frauds and criminals who brought the world's leading financial and insurance institutions to their knees. A strengthened State Department is in the hands of Obama's one-time Democratic Party rival Hillary Clinton, someone not known for her bravery whether about Iraq or Israel. And the Defense Department remains in the hands of a Bush-appointee. While Obama's final plans for Iraq leave up-to-fifty thousand US soldiers there indefinitely; even worse, the President has chosen to escalate the war in Afghanistan in a futile attempt to prove his toughness. Meanwhile, the organized working class has to content itself with a pro-labor Congresswoman from California named to a Labor Department with little influence or sway.

Yet the impression of continuity fails to capture the changes of the last six months: the profound ideological and real world crisis of neoliberal globalization. During the bipartisan neoliberal era now ended, one would never have heard any prominent politician--much less a Republican like George W. Bush--plaintively complain that many are "now equating the free enterprise system with greed and exploitation and failure. . . Free market capitalism," he pleaded in mid-November 2008, "is far more than economic theory," and "it would be a terrible mistake to allow a few months of crisis to undermine 60 years of success" just because "capitalism is not perfect." Nor would one have expected the powerful former U.S. Federal Reserve Chairman Alan Greenspan, the previous month, to admit that he was in a state of "shocked disbelief. . . I have found a flaw in my model [of the market] . . . I [had] made a mistake in presuming that self-interest" worked exceptionally well and safely.

The withering away of the "free market's" ideological appeal in its U.S. stronghold is combined with a decisive weakening of the electoral, social, cultural, and generational base of

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the conservative counterrevolution that triumphed with Ronald Reagan's 1980 election. In successive defeats in 2006 and 2008, the Republican Party built by the New Right has been decisively reduced to minority status in both the House of Representatives (178 to 257 Democrats) and the U.S. Senate (41 to 56 Democrats, 2 independents who vote with the Democrats, and one disputed Senate seat likely to go to a Democrat). The Republican Party has disappeared or been decisively weakened in certain regions of old strength (New England, Mid-Atlantic, the West Coast) and its survivors are concentrated regionally in the South and some parts of the mid-west. It is now a relatively homogenous evangelical Christian, white, and anti-immigrant party at a moment when demographic trends point towards a non-white majority and an increasingly plural and accepting culture. Moreover, the internal divisions within the Republican coalition have been exacerbated and last year's Republican presidential campaign was marked by heightened feuding, defections, and disunity.

The Congressional Republicans have adopted a rejectionist stance towards Obama--every single Republican congressman voted against his stimulus package--but their rhetoric seems outdated at a moment of national emergency. Although not entirely implausible, their hope is that Obama will fail and allow them to reap the electoral benefit in 2010; but if he does, it means the U.S. will be in terrible straits and at least some of the blame will fall on hyper-partisan Republicans who failed to work constructively to avert disaster.

The dawning post-neoliberal era in the United States does not mean, however, that we have clear solutions to the problems that are devastating the lives and hopes of our citizens and residents. The plight of undocumented immigrant workers is vastly worsened by the downturn, and a decreased flow of remittances to their countries of origin transmits the crisis beyond our borders. Falling U.S. consumption means fewer imports, which again impacts foreign exporting

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nations like China as well as those who supply them with raw materials and feed their populations. The financialization that has accompanied neoliberal globalization has produced a seamlessly integrated web of financial interdependence whose dangers are now apparent to all; all rise and fall together in a web of cross-cutting deals and mutual weakness. If solutions are uncertain, it is clear is that the problems of all of the world's countries are now truly intermestic (international and domestic)

A vital uptick of concentrated progressive thought has occurred in the U.S. since the turn of the century, but the fact that this global capitalist crisis has outrun our solutions is shown by the many analogies to the Great Depression of 1929 and the U.S. New Deal that followed. The search for answers in the past--including countercyclical government spending and stimulus packages--are unlikely to right the U.S. or global economy. That will only occur through new thinking about how to move beyond neoliberal globalization, which would be helped by a greater U.S. openness to the creative ideas of the alt-global movement from Seattle 1999 through the World Social Forum. We need to identify practical systemic reforms that can provide concrete solutions for both the human economy and the natural world that we exploit so ruthlessly.

Yet the real weakness that we face in the U.S. is the need for a new activist generation that can only come from a renewal of stormy mass mobilization. We not only need social movements not yet born or imagined but we require a revitalization of the institutionalized forces of contestation--such as the trade unions or the Afro-North American and Latino communities--who are beset in many cases by sclerotic leadership and bureaucratic rivalries unhelpful for the struggles ahead of us. The creativity is there in local survival struggles, in dynamic Obama campaigns, and among a youthful generation now decisively drawn towards politics. These seeds will need to be nourished and integrated into broader and dynamic mass campaigns capable of

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defeating powerful forces who, though humbled today, are even less likely to give up any of their wealth and privileges in the face of a threatening crisis and a shrinking pie.

We cannot end a discussion of this political moment without paying tribute to President Barack Obama, an inspirational figure around whom so many hopes and groups have converged. Yet even the best President still operates within the context of the "permanent government" that rules all divided societies. And here a word of caution is required based upon the need--for the most part unrecognized--to come to terms with our role as beneficiaries of an unjust global capitalist system based on US hegemony. It is indeed possible that President Obama, our first truly international president, will help us all to come to terms with this challenge, but the educational effort will require our active and creative collaboration.

That so much that is new is now possible is clear but the old will not banish itself. This was made clear on 12 February 2009 when Obama's Director of National Intelligence Dennis C. Blair surprised Washington politicians and journalists with his *Annual Threat Assessment of the Intelligence Community for the Senate Select Committee on Intelligence*. Rather than leading with terrorism, nuclear proliferation, or other security threats, the DNI opened his report by defining the global economic crisis as "the primary near-term security concern of the United States," both for its "globally-synchronized nature" and "its geopolitical implications." While recognizing that "it started in the United States, quickly spread to other industrial economies and then, more recently, to emerging markets," the report cited "the widely held perception that excesses in US financial markets and inadequate regulation were responsible," which has "increased criticism about free market policies, which may make it difficult to achieve long-time US objectives, such as the opening of national capital markets." Moreover, the "increased

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questioning of US stewardship of the global economy and the international financial structure"

has raised the "likelihood of serious damage to US strategic interests."

The DNI's section on "Testing Times for Latin America" highlights the threat posed by "populist, often autocratic regimes," especially Venezuela and to a lesser extent Bolivia, Argentina, and Ecuador. And Cuba, it goes on, "can still influence the Latin American left because of its so-called 'anti-imperialist stance.'" While praising President Uribe's "all-out effort to defeat the Revolutionary Armed Forces of Colombia by the time his term ends in 2010," the report twice explicitly mentioning the FARC's "cross-border sanctuaries in Venezuela and Ecuador." On a more threatening note, it alleges that the "unstinting populist" Chavez provides FARC with safe-havens due to "decade-long ties" based on "ideological affinity" and a desire to influence Colombian politics. And while mentioning Cuba's "competent and immediate response to the hurricanes," it concludes that the country "almost certainly will remain heavily involved behind-the-scenes in counseling and supporting authoritarian populist governments in Latin America and otherwise seeking to undermine US influence across the region." If the U.S. is to turn the page on a failed past, perhaps Cuba would be a good place for President Obama to deliver "change we can believe in."