

Is neoliberalism collapsing?

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Is neoliberalism beginning to collapse under the weight of its own failures? In this video, I argue that the unrest we are seeing in France, alongside growing political tensions elsewhere in Europe, raises that possibility.

France is experiencing widespread protests involving students, teachers, workers and parents. I argue that their anger reflects something much broader: deteriorating public services, economic insecurity and growing resistance to demands for yet more austerity.

Neoliberalism promised that markets, competition and economic reform would deliver growth, prosperity and greater freedom. Instead, I argue that many people have experienced insecurity while governments continue to prioritise fiscal rules, competitiveness and the demands of financial markets.

The contradiction is becoming increasingly difficult to sustain. Policies that have failed to deliver are being followed by demands for more restraint, more austerity and still greater deference to financial markets.

France's experience in May 1968 offers an interesting comparison. The government survived those protests, but French society changed. Political systems can therefore be transformed even when the governments confronting protests remain in office.

Today's conflict is also about democracy. Who should ultimately determine how society's resources are used: elected governments and their citizens, European institutions, or financial markets?

I argue that neither continued neoliberalism nor the politics of the far right provides an adequate answer to the underlying problems of housing, healthcare, education, investment and economic insecurity.

France may simply be confronting these contradictions before other countries. If people withdraw their consent from an economic system they believe is repeatedly failing them, the neoliberal era could be approaching its end.

https://www.youtube.com/watch?v=CpRI1ajsj-k?si=BJ_PPmKQY4HXiaGJ

This is the audio version:

https://www.podbean.com/player-v2/?i=mdrvs-1b7b75f-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

Is neoliberalism beginning to collapse under the weight of its own failures? I believe that is now a question that we need to ask. The warning signs exist. France is subject to mass rioting in more than 40 cities. It is thought that at least a quarter of a million people were involved during one day this week, and students are angry and even burning down their schools.

This is also being seen in Spain, where anger about housing, its shortage and its cost has now brought the government down and will be the subject of the general election that is now about to take place. There is a crisis going on.

War, the AI boom and financial instability are adding to the strain, and increasingly irrational markets are imposing very real social costs as a consequence of the pressure on bond interest rates, which is creating calls for austerity in many countries, including France.

Ordinary people are repeatedly expected to bear these costs, and the question is: have they finally had enough? Are we seeing the end of the neoliberal era, and is it, as might be the case in France, going to depart with a bang?

France may be showing us what happens when people refuse the status quo. Protests over schools and public services have developed into something broader. As I've already said, more than 250,000 people are estimated to have demonstrated across France on 6th October. It's not just students now. Students, teachers, parents, and workers are finding common cause. Their anger reflects pressures found well beyond France. France may simply be where the pressures become visible first, but Spain is close behind.

The fact is, neoliberalism has stopped delivering. It isn't giving people what they were

promised. In France, markets were supposed to deliver growth, prosperity, and freedom. That was the whole Macron promise. But instead, insecurity and deteriorating public provision have persisted. That is what students are protesting about. They haven't got teachers. They have schools that are falling down. And at the same time, governments are still trying to prioritise the interests of competitiveness, supposedly, and financial markets, above all else.

The paradox is this: failed neoliberal reforms are now being followed by demands for still more restraint on the basis of neoliberal prescriptions. Neoliberalism cannot cure its own failure with yet more neoliberalism. That is the problem that we are facing, and this is what people are realising. There is no route out for neoliberalism from the crisis it has created for itself.

And France demonstrates this contradiction particularly clearly.

Macron pursued tax reform, labour liberalisation, and pension reform. Public spending was constrained while competitiveness was prioritised, and yet growth remains weak, and unemployment is rising. It's high already and is forecast to go up, whilst deficits and debt remain high despite those reforms, and the EU is weighing down on France and demanding reforms, as are its central banks.

France is consequently being told to impose still more austerity, the very thing that is giving rise to the troubles on its streets. Ordinary people realise that they're being asked to pay for this economic failure. Schools, healthcare, pensions, and wages are the next round of restraint. And public services will continue to deteriorate if financial markets get the reassurance that they demand.

Fiscal rules are being treated as if they are unavoidable economic facts when they are simply made up by politicians, and democratic choices are being increasingly constrained by those supposed rules, and France is showing what happens when people are rejecting the neoliberal bargain.

And global instability is making this political conflict very much more dangerous. Trump's Gulf War is creating profound economic uncertainty. The AI boom is driving extraordinary financial speculation. Bond and stock markets increasingly appear detached from economic reality, and yet the consequences are beginning to reach jobs, incomes and public services, and financial instability has therefore become a political problem.

People cannot afford to continue with the world the way that it is, and 1968 offers us a warning in that sense. I can just remember the riots in Paris in 1968. I was 10, but I was already an avid reader of newspapers. And in that summer, May 1968, the students in Paris rioted. They'd had enough. They were fed up. They were fed up with the oppressive social order of De Gaulle's France. And students were joined in that year by workers, and millions eventually stopped work.

Now, I've got to be honest, De Gaulle survived the riots. He won the subsequent election, but French society was permanently changed. The fact was, there had to be an accommodation with the demands of those people who were on the streets, and that accommodation happened. Political orders can end even when governments survive. And that is the point I'm making here.

This time, the challenge is to neoliberalism rather than to De Gaulle's conservatism. But in essence, the two are very similar. Financial markets and the hierarchy of power that are behind them represented both those causes. And at this moment, Macron is saying that financial markets should have the final word over the direction in which France should be travelling, and he is resorting to the request that government deficits should be cut. Public need is then to be subordinated to financial credibility, and the claim is, as always, that there is no alternative.

But the people on the streets of Paris and of so many other French cities are already saying they simply no longer believe that.

At the same time, they're also saying they do not believe the far-right in France. We all know that Marine Le Pen is back in the presidential race in France for next year, and she is proposing massive cuts to the French government budget: €140 billion is what she says she will cut out of that budget.

She'll be blaming immigrants. She'll be blaming Brussels. She'll be blaming public sector workers. She will be imposing cuts. But at the same time, France actually needs investment, housing, healthcare, and education. And the austerity that she would supply would be the same austerity that neoliberal markets and the EU would demand. It would be impossible to tell the difference. But the reality is that coercion cannot provide a lasting substitute for economic legitimacy. But that is what she's claiming she can do. She will fail.

And the real issue is: who ultimately decides how society's resources are used? Is elected government going to do so? Are people going to be allowed to choose them? Will European institutions impose their opinion, or are bond markets ultimately allowed to determine policy?

France's lack of monetary sovereignty only makes this confrontation harder. It does, of course, have the Euro. It is not in the position that the UK is for the pound. This is therefore a struggle over democracy as well as economics. Control of institutions is what matters, and France does not know the answer to this question, and its people want to know that they will have a say.

France may then be ahead of everyone else in confronting this breakdown. I think it is. But it looks like Spain is very little behind. And similar tensions are now being seen across Europe, the G7, the G20, and OECD economies.

People have endured decades of promises that markets will eventually deliver. Their economic security and their public services have too often deteriorated instead, and political consent cannot be assumed indefinitely for a system that is so obviously failing.

France's willingness to protest, and they've always had that willingness to protest; let's be clear about that: the French go on the streets at the slightest provocation, but their willingness to protest now, in the numbers that are being seen, which are at record levels, maybe since 1968, may simply expose the problem sooner.

An era may be ending because neoliberalism can no longer meet people's needs. France in 1968 showed that supposedly permanent orders can become negotiable, and people who eventually withdraw consent from systems that repeatedly fail them can create the process of change to replace them.

Neither the neoliberal centre nor the far-right has an adequate answer to any of the problems that France now faces. And if people refuse to accept the existing settlement, something will have to give. France may be showing us that the end of neoliberalism is nigh. That is what will have to give. The era when we are told that the market's rule may be coming to an end.

That's what I think. What do you think? There is, of course, a poll down below. This is a contentious issue. I'm aware of that. I do, however, believe quite strongly in the position I've stated. If you like that, please do like this video. Please do share it. Please do subscribe to the channel. Hit that bell button. You'll be told when we make new videos. And if you'd like to support our work bringing ideas like this in front of you, then please do buy us a coffee. There's a link down below.

Poll

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