

The rise of the capital-state and neo-nationalism

Lessons from the Asia-Pacific

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Cartoon showing William Jennings Bryan/Populism as a snake swallowing up the mule representing the Democratic party. US Judge magazine, 1896. Image in the public domain on Wikipedia.

Neo-nationalism as a counter-movement against marketization

A critical political economic perspective can be particularly useful to understand the neo-nationalist phenomenon. More specifically, the rise of neo-nationalism points to the contemporary relevance of Karl Polanyi's intellectual arsenal, crystallized in his magnum opus *The Great Transformation*.¹ One of the significant ideas in this classic work is that of the 'double movement' demonstrating the antagonistic relationship between the drive towards the 'utopian' free market and the inevitable societal 'counter-movement'. Polanyi famously argued that societies would demand social protection against the process of marketization. Neo-nationalism can thus be interpreted as a renewed Polanyian moment whereby pro-market restructuring of the state under the auspices of neoliberal globalization generates genuine grievances exploited by populist nationalists.² And although Polanyi focused on the industrial Global North only, his insights are well applicable in the Asian context.

Arguably, three sets of inter-connected factors must be considered to appreciate this 'transformation-protection' dynamic in full: institutional change, social demand, and political supply. At the structural level, nation-states have undergone pro-market re-configuration to facilitate expanded commodification, manifested in such broad processes as the rollback and privatization of public services; an increase in corporate power at the expense of labour; and financialization and transnationalization of economies. At the level of subjective legitimacy, sections of the working and middle classes perceive these changes as a threat to their socio-economic standing, generating resentment at the political establishment for 'leaving them behind'. In turn, at the political entrepreneurship level, populist leaders and parties 'plug into nationalism' through a set of rhetorical and discursive strategies to provide an organizational outlet for channelling these insecurities and anxieties.

In sum, from a Polanyi-inspired perspective, the appeal of populist nationalism reflects fundamental problems of state transformation and the ensuing erosion of old economic and social structures. Neo-nationalism, then, has emerged to compensate for the real and perceived inability of the state to shield citizens from the corrosive effects of market fundamentalism. As sovereignty of the state has yielded to 'sovereignty of the market', nations have expressed their discontent through voting for neo-nationalist parties, among others means of venting off frustration. Disenfranchised voters gravitate toward these forces and embrace identity-based solutions – often in exclusivist and scapegoating forms – to channel away their insecurities and anxieties triggered by the pro-market restructuring.

Empirical referents

To give the first illustration from the Asia-Pacific region, the structural changes in the national economy and state formed a fertile breeding ground for Pauline Hanson's One Nation Party's (ONP) vision of a homogeneous

We are witnessing the rise of neo-nationalism – a surge of populist nationalism in the contemporary phase of globalized development – embodied in the support for populist nationalist leaders, movements, and parties across Europe, the Americas, and Asia. The years 2015–2016 alone saw Donald Trump's ascendancy to presidency in the US, the triumph of Brexit in the UK, and Rodrigo Duterte's uncompromising drug war in the Philippines. On the Right, populist forces tap into ethnic nationalism by opposing immigration and multiculturalism; on the Left, they invoke civic nationalism and juxtapose the 'pure people' against the 'corrupt elites'.

Australia. As in other advanced industrial nations, Australia had undergone a radical restructuring of the economy and state, the process underpinned by the ideology of 'economic rationalism' (Australia's term for neoliberalism).³ The transformation began back in the 1970s under Gough Whitlam's Labor government and gained momentum in the 1980s. The subsequent advancement of policies and practices to deregulate welfare, labour, and finance under the Hawke-Keating (1983–1996) neoliberal governments signified a break with the tradition of the 'Australian Settlement'.

The pro-market re-regulation and ensuing declining capacity to fulfil the social contract towards working and middle class Australians translated into experiences of relative deprivation and status anxiety, as well as disillusionment with 'politics as usual'. In the absence of meaningful alternatives, the ONP offered a simple populist message to harness fears of material and social displacement: give a voice to 'ordinary people' or 'the little man' so that every 'bloke would have a fair go'. On the vertical axis of identity construction, the ONP drew the boundaries of Australia to exclude the elites who failed to protect the people from economic and social dislocations. On the horizontal axis, there was a juxtaposition against the more 'privileged' groups, most notably welfare recipients, Asian migrants, and Aborigines who were seen to challenge the 'Australian way of life'. Yet, although the ONP relied on ethno-migrant cleavage to mobilize voters against the Aboriginal, Muslim, Asian 'Others', the people's racial sensibilities did not exist in a vacuum.⁴ Rather, they became especially acute and were available to be politicized in the time of anxiety over social welfare sustainability, job security, and redistribution stemming from the structural changes in the country's political economy. In a solution resembling other neo-nationalist forces, the ONP offered a chauvinistic vision of 'Fortress Australia' as a response to these changes.

In South Korea, although no institutionalized populist nationalism emerged, left-wing 'progressive' parties such as the Democratic Labour Party (DLP) and its successor the Unified Progress Party (UPP) displayed some elements of it. Rooted in the democratic and labour uprisings of the late 1980s and the formation of the Korean Confederation of Trade Unions (KCTU), DLP was established in 2000 and gained 13 per cent of the vote at the 2004 general election, capitalizing on the post-1997 (Asian Financial Crisis) reforms and the new proportional representation law. DLP represented the marginalized 'underclass'

– workers, farmers, and the urban poor – and opposed the ruling conservative Grand National Party's policies, from privatization of public utilities to hostility towards North Korea.⁵

Although the DLP and UPP lacked the elements of populism and radicalism most commonly associated with European neo-nationalist parties, they were outsider challengers nonetheless; they mounted a third alternative to the liberal-conservative system of South Korea's post-democratization period. Thus, analytically they represent a nascent form of Polanyian 'counter-movement' against the encroachment of the market. Both parties dissolved or were banned by 2014,⁶ yet the political void was filled by the 2008 and 2017 'candlelight protests'. The former was sparked as a reaction to the government's decision to reopen South Korea's beef market to the US, and originated in the critique of neoliberalism within the Korean leftist circles. The trigger for the more recent massive protests was the 'Choi Soon-sil gate' of 2016–2017, which culminated in the ousting of president Park Geun-hye, accused of embezzlement and collusion with the country's biggest chaebols. Yet while the protests may have had a lot to do with the specifics of Park's regime, grievances had accumulated over the years. From a comparative perspective, although Koreans appear to have lost patience with their political system in line with the political alienation trend elsewhere, their response presents a more progressive and civic manifestation of the Polanyian 'double-movement' dynamic.

Finally, the radical right in Japan is multi-layered and appears to be distinct from Western counterparts in two aspects: a staunch emphasis on historical revisionism, as demonstrated by the multiple instances of glorifying the pre-war Japanese Empire; and nativist sentiments against close neighbours (most notably Korea) rather than migrants.⁷ However, as the sociologist Michael Pusey has argued, economic restructuring creates a "defensive need for 'communities of memory' in which social resistances to commodification congeal in revived memories and imaginary constructions of shared experience".⁸ With the overall neoliberal consensus in the incumbent and past governments, acts such as the restoration of the National Foundation Day or the Prime Minister's worshipping at the Yasukuni Shrine make intuitive sense. These symbolic appeals to national greatness serve as a psychological coping strategy for citizens who hope for improved socio-economic standing, especially those who lack other markers of social status, such as education or occupation.

Conclusion

The state, capital, and identity politics are intertwined. In contrast to previous waves of marketization, which saw an anti-market response from the state, the third wave of neoliberal globalization brought about re-regulation of the state for market. This development, in turn, has created a climate favouring political mobilization in the form of, albeit not limited to, populist-nationalist counter-movements.⁹ Neo-nationalism as a new form of 'identity politics' has already become an inevitable part of global political reality, and needs to be studied through a broader social theoretical and comparative perspective. Understanding this phenomenon as a Polanyian counter-protective movement reminds us that the process of untamed market expansion – facilitated by the state – can cause deep divisions in societies. There is thus an inextricable link between free market reforms, declining state legitimacy, and identity-based mobilization.

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Notes

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