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Progressive Protectionism :

the only effective challenge to neoliberalism



By Colin Hines

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Incandescent introduction

The astute reader will detect from this article's highly intemperate tone that it is one written more in anger than sorrow. Why is it that free trade cheerleaders like the Economist correctly identify the underlying cause of today's economic and social malaise ie globalisation, whereas the left just scratches round the local policy farmyard kicking up the dust of domestic politics - slow the speed of cuts, fairer taxes versus bank and business relocation, can Ed speak human? etc, etc.

This is a moment which calls for a rethink of the magnitude formerly carried out by the likes of Keynes and Beveridge. The economic and social tectonic plates are rapidly shifting and we have the opportunity to plan for a very different but better future. Three things are, or will soon become, very evident: One, economic power is ebbing towards Asia. Two, the old idea that we can compete in export markets to fizz up our economy is increasingly appearing like straw clutching. Three, it is time to recognise that pushing for ever more open markets is sooooo last century, and is increasingly being challenged.

In the run up to the election in France, Socialist candidate Jean-Luc Melenchon, campaigning on a left-wing platform including protectionism and more state intervention, surprised pundits by polling 17

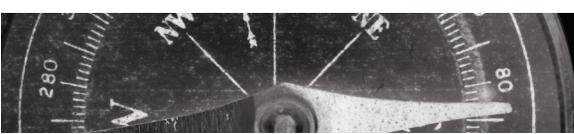


'.. these seemingly distinct, domestic disputes— about income inequality, executive pay, welfare, the squeezed middle, even immigration—are all also arguments about something bigger. Without acknowledging it, Britain is having a row about globalisation... Jesse Norman, a Conservative MP ... calls globalisation “the whale under the surface” of today’s arguments.'

'Global Britain, SOS: A very British row about fairness is, deep down, a fight about globalisation.'
The Economist, Jan 28th 2012

percent of the votes. This is not so surprising once it is realised that 70% of the population favour some form of protection for domestic production from cheaper, lower waged competitors. On the extreme right Marine Le Pen has also gained support by calling for protectionism. Small wonder that L'Express led with a controversial cover story, 'Should we shut our borders to contain the financial crisis?'. The paper concluded that the vast majority of the French electorate, from the far left to the far right, demand some kind of protectionism and implied that any candidate who fails to satisfy this desire will pay dearly in the upcoming presidential polls.

In developing countries barriers to destructive flows of capital are being erected. Brazil, Argentina and Costa Rica have used various measures, including an insistence that short-term investors deposit funds with the central bank for a year. This discriminates in favour of long-term, job-generating capital, rather than the casino bets of the feckless financial herd. Now that the present global crisis has seen the beginnings of a more protectionist backlash this is the time to start a full throated debate about the need for what I call 'progressive protectionism'. By this I mean encouraging and allowing countries to rebuild and re-diversify their economies by limiting what goods they let in and what funds they choose to enter or leave the



country. Most importantly, in the process they will wean themselves off of their export dependence. This will allow space for domestic funding and business to meet most of the needs of the majority in society. I'm not advocating the oxymoronic protectionism of the 1930s, where the goal was often for each protected industry or country to increase its economic strength by limiting imports and then hoping to compete and export globally at the expense of others. Unsurprisingly the more countries did this, the less trade there was between them.

Of course such a radical change in economic direction inherent in progressive protectionism could not be introduced in one country alone, since the money markets would ferociously destabilise such a challenge to their present dominance of the world economy. Europe is facing huge threats from the forces of international finance, yet the continent would be a powerful enough bloc to implement a programme of progressive protectionism, particularly if the politically active started to campaign for it.

Protectionism – the hard sell

My aim is to kick start a process of convincing the politically involved that 'progressive protectionism' is the answer to achieving their political and campaign end goals. So this article will explain why I feel the need to write it - my anger that the politically active are mired in domestic, issue specific reactions and don't challenge the very process that is turning their dreams to dust. That is the systemic attack on social and environmental conditions from globalisation's big business agenda of ever more open markets.

It is, of course, true that the adverse effects being experienced worldwide of unemployment, of increased inequality and of insecurity about the economic and social future are being highlighted and reacted against in a piecemeal manner by the politically active. What they lack, though, is a credible and generally accepted overarching end goal and policy programme that might be effective in actually tackling these interlinked crises.

Progressive protectionism can provide this programme and goal by its rejection of the ubiquitous calls for open markets and the need to be internationally competitive. Acceptance of these edicts as inevitable drives down tax rates, worsens social and environmental conditions and kills local jobs and small business opportunities. Whistling in the dark to keep up the nation's economic spirits by promising export-led growth in an era of rising Asian dominance is an equally ridiculous policy. The alternative to these dangerous and damaging dark alleys is to propose a set of practical measures for protecting and re-diversifying local economies. This is the only way to tackle the economic and environmental crises, return local control of the economy to citizens and provide a sense of security and hope for their future. If implemented it could play a crucial role in seeing off the rise of the extreme right, as this invariably flourishes when the sense of insecurity within the majority worsens. At present none of the policies offered by parties of any political hue are likely to tackle this in the way that progressive protectionism can.

SECTION ONE: The Problem

Neoliberalism still in the driving seat, opponents not even in the car

A disastrous credit crunch, a growing loathing by the majority for the under taxed, undeserving rich, the Financial Times debating 'Capitalism in Crisis', government ministers wringing their hands and pleading with the bonus boys to accept cuts like the rest of us. Surely the centre left's time has come? Well no. Public support is slumping almost everywhere, the Tories are seen as more economically credible than Labour. The public doesn't believe the two Ed's have the answers. Despite things worsening for the majority the left is seen correctly as having nothing plausible, overarching and convincing to say about how to get us out of this present economic crisis.

Other political groupings are also failing to

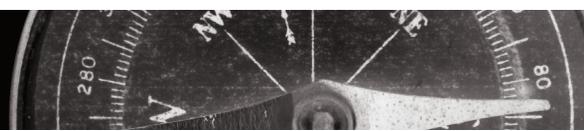
win the economic arguments. European Greens have a commendable list of domestic and international environmental demands marked 'ought to happen'. But they have little idea how to overcome the still entrenched neoliberal model that leaves them impotently oscillating between ought and fraught.

'Small c' conservatives, whether individuals who believe in hard work and want increased community cohesion, or their under galvanised shock troops, the small and medium sized businesses, are provided with no mental alternative to the open market. They find their business and their economic futures in hoc to the power of big finance and big business. These latter powerful groupings have shaped, lobbied for and benefitted from open markets, with their flip side being the weakening of the power of the nation state and its regional groupings.

What an appealing and potentially vote winning narrative must address

There is a narrative that could unite these disparate sectors into making common cause against neoliberalism and its resulting increase in global economic inequalities. It will require an end goal and a set of policies that can meet the increasing desire of all these groupings for security and protection from the ever darkening economic clouds. These include increasing security through protecting individuals and their communities from economic decline, rising unemployment, inadequate social provision and weakening environmental protection. Security through tackling tax dodging and using the funds generated to provide for social needs. Security from the decline in community cohesion and family structures, in part caused by the economic havoc of Thatcher and New Labour neoliberalism both in its ruthless and its gentler guises. A respite from the 24/7 debt sodden consumer culture, ceaselessly flaunting itself against a backdrop of frozen or falling wages and rising unemployment.

Now of course every one of these problems has a range of political solutions proposed by all the parties. They in turn are



constantly gingered up by the lobbyists of the political funding classes, ie business, finance and the unions and by the direct actions, reports and political pressure from a myriad of community groups through to national and international NGOs.

So why aren't things improving? Why is big finance and big business still flourishing at the expense of everyone else, even after the global downturn of 2008? Why are unemployment, insecurity and inequality rising globally? Why are funding and the policies for improving social and environmental problems becoming increasingly inadequate? Why are the governments of regions like Europe inflicting the job killing, sadomasochistic fetishism of austerity on their people?

It is the unthinking acceptance of open markets that props up neoliberalism

The answer to why things are getting so much worse is simple. The acceptance by governments of the need for ever more open markets is the root cause of all of the above deleterious trends. Governments, lobbyists and campaigners tend to be obsessed with tackling these problems on an issue by issue basis and mostly in their own countries. When they do consider their relationship with other countries, it is nearly always seen through the prism of the need for constant economic warfare through the conquest of export markets. The relentless and remorseless call for international competitiveness trumps everything else.

Let's be clear here, apart from some in the anti-globalisation movement of the 1990s and early 2000's, virtually no one challenges and offers an alternative to this damaging diktat, be they mainstream politicians, trade unions or NGOs. Instead, there is unthinking acceptance of the inevitability of open markets and the subsuming of all social and environmental legislation to the make or break test of whether it furthers or hinders international competitiveness. This has led to a catwalk of mental manikins all parading themselves

in a range of comfort blankets labelled 'king's new suit of economic clothes' (for those unfamiliar with this Hans Christian Anderson fairy tale, a couple of conmen, insert bankers or economists, fool the king that his new clothes, insert the free market, are a wonder to behold, when in fact there is no substance to them. A little boy, insert greying baby boomer, sees through this sham and shouts out that the king has no clothes on.) Current best sellers on this tacky clothes rack are TINA, the march of the makers and export-led growth.

The first and most corrosive is Thatcher's incredibly damaging four letter legacy –TINA. That there is no alternative to the ever freer market has been internalised into the DNA of virtually all politicians. Should they even hint at deviant behaviour and stray off message then they are, as Dylan said, 'thrown the worst fear that can ever be hurled' that is the 'P' word. Reaching for the cross and garlic, economists and commentators squeal 'what are you, a protectionist?!!!' Cue to buckle, mumble and retreat into platitudes and pleas for a kinder, gentler free market.

The latest not so subtle form of this tendency comes in the guise of the recent modest mea culpaism from the formerly tireless New Labour champion of globalisation Peter Mandelson. He now likes to give the impression that he has seen the errors of his ways. He once believed that globalisation would produce "rising incomes for all". Indeed, he said, "we took all that for granted", but shock horror he now realises that globalisation is creating "income inequalities", that the country hasn't seen the benefits from rising prosperity that "we took for granted" and we now see "competition on a huge scale".

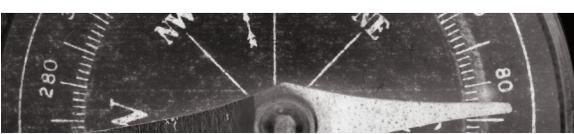
I almost have to admire his chutzpah, were it not for the fact that I, like thousands of others, was on the streets of Seattle over twelve years ago to spell out to blinkered and self serving politicians like him exactly what the downsides were. Indeed I met Mandelson when he was EU Trade Minister with Caroline Lucas MP, then a Member of the European Parliament, and we reiterated

these points. He was clearly intensely relaxed about his dismissal of such doubts. This stance is still held by most people in power and it has, and still does, clearly benefit big business.

The latest mildly chastened iteration of this approach is the recent IPPR report 'The Third Wave of Globalisation'. This admits previous shortfalls, but pleads TINA, accepts trade is good and calls upon China and Germany to export and save less to allow us to export our way back to happiness. Fat chance and why should they if export-led growth is the Holy Grail? Now if domestic-led growth was the new goal, such trade rebalancing would of course happen. IPPR in their recent report make the usual kindlier, gentler free trade requests for better social care to salve the downsides of global competition. This completely ignores the obvious fact that to remain internationally competitive we have to, and indeed already do, curb the very public expenditure needed to provide that salve. But the big solution for Mandelson and for all other desperate adherents to continuing with open markets is to trot out the usual line of "We have got to do far more to help the private sector to innovate and specialise in production of high value added goods."

Fantasies of competing with the likes of China are the last colonial delusion

Whilst the Coalition's oxymoronic call for simultaneous austerity and growth has been widely discussed, the delusion of export-led growth has received far less critical scrutiny. It's not just that our biggest export markets, Europe and the US, consist of customers who will be saving more and importing less, the straw clutching at more exports to Asia is also a busted flush. It ignores the fact that China and India will rapidly ascend the high tech ladder and will supply more of their domestic needs as well as those of global export markets. The UK will thus be crowded out of already slowing Asian economies. Although iconic brands like Rolls Royce engines and



Brompton folding bikes are holding their own in export markets for now, the future for UK exports could well repose predominantly in a ragbag of niche exports like Range Rovers, Scotch and Beatles lyrics.

Even Jeremy Paxman, who rarely turns his admirable Rottweiler attacks on those endlessly pinning their hopes on export led growth, was forced into a rethink during a recent Newsnight tour of China. The usual nonsense of imagining that the future lies in the rich countries outsourcing manufacturing, while the clever creative stuff stays in Europe was utterly undermined by the programme's symbolic visit to an animation company.

Britain likes to call itself the design capital of the world, yet even animation for the London Olympics is being made in China by sharp young Chinese who don't see themselves as labourers. They have set their sights on the clever creative stuff that at the moment is mostly done in Europe and North America. Paxman concluded that this was not how complacent western governments saw things developing and he could see no easy way for the current imbalance of trade to be equalised. Rather the reverse.

Such out of date complacency was in evidence with Ed Miliband's superficially encouraging call for a new patriotic economic policy to support domestic business. Yet even this proposal was still swathed in the no hope fervour of seeing British companies successfully competing with 'the best in the world'.

However, once export led growth is recognised as a pipedream, the alternative of a 'look to the local' emphasis on rebuilding national markets can be grasped. China is doing this as it increasingly prioritises its own domestic economy to see off economic and political upheaval. Such an approach, 'progressive protectionism', can improve the lot of all nations, but will first need the introduction of barriers to the damaging flow of feral capital and cheap goods. Only then can

nation states help provide a more secure future for their citizens and the environment and at last see off any chance of another deflation-driven global credit crunch.

SECTION TWO: The Solution

Proposing protectionism- are you crazy?

I am protectionist and proud of it. Indeed I have form here. I first 'came out' in 1989 with a paper with the catchy title of 'Green protectionism; Halting the four horseman of the free trade apocalypse'. In the mid-1990s I co-authored with Tim Lang the book 'The New Protectionism' and this century I wrote the humbly entitled opus 'Localization: A Global Manifesto'.

The majority of people want protection for themselves, their families and communities. It is only the dismal science of economics that could equate such a normal human desire into something seen as the economic equivalent of child abuse simply by sticking an 'ism' on the end of it. However I'm not advocating the oxymoronic protectionism of the 1930s, where the goal was often for each protected industry or country to increase its economic strength by limiting imports and then hoping to compete globally at the expense of others. Unsurprisingly the more countries did this the less trade there was between them.

Instead, what I propose is 'progressive protectionism'. This encourages and allows countries to rebuild and re-diversify their economies by limiting what goods they let in and what finance they choose to enter or leave the country. Most importantly in the process they wean themselves off of export dependence. This would allow space for domestic funding and business to meet the needs of the majority in society. Such a policy, with its limits on imports and its positive discrimination for local enterprises, renders impotent the threat of relocation that bankers and big companies invariably invoke should any nation have the temerity

to call for an end to banker's bonuses or increased taxation of the richest 1%. Put starkly if they leave, they are out of the market.

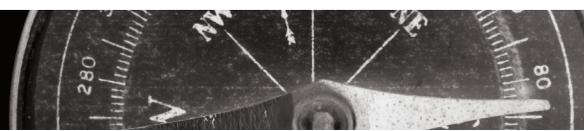
Europe - from austerity to prosperity, from the single market to the domestic market

Of course such a radical change in economic direction could not be introduced in one country alone, since the money markets would ferociously destabilise such a challenge to their present dominance of the world economy. Europe, under huge threat from the forces of international finance as it is, could however be a powerful enough bloc to implement such a programme, particularly if the politically active started to campaign for it. At present the EU is caught facing both ways. It is trying to improve social and environmental standards whilst prioritising international competitiveness and so is at the mercy of global finance. Small wonder it has responded so abysmally to economic threats and finds itself hurtling down the path of gross economic self harm that is austerity.

Already the new global superpower China is realising that export dependence has its limitations, given the sickly economic health of its export markets in the US and Europe. It is now looking to increase its domestic demand through diversifying its national economy. It has to do this to address the potentially politically destabilising problems of growing inequality and hard to restrain migration for the countryside to the overcrowded cities. Brazil too is going down this policy path.

A Programme for progressive protectionism

Progressive protectionism emphasises increased national and citizen control of the economy made possible by prioritising maximum local production and an era of minimal, but globally just trade. At its heart is the protection and rebuilding of local economies rather than gearing them to ruthlessly out-compete each other



internationally. Depending on the context, the 'local' is predominantly defined as part of the nation state or occasionally a regional grouping of nation states. Everything that can sensibly be produced within a nation or a region should be. Long-distance trade is then reduced to supplying what could not come from within one country or geographical grouping of countries, the historic role of such trade.

As the relevance and power of the arguments of 'international competitiveness' fall away, then this must be compensated for by a 'local competitiveness' policy to ensure monopolies aren't allowed to emerge behind the more protected economies. International big business, which at present shapes economic globalisation and is its major beneficiary, will be caged and forced to pay adequate taxes and to abide by ever stronger employment, social and environmental regulations- otherwise it is out of the national or regional market.

In my book 'Localization- A Global Manifesto' I proposed in tedious policy wonk length what these policies would be (see www.progressiveprotectionism.com). In summary progressive protectionism will require the introduction by nation states of a set of interrelated and self-reinforcing policy priorities to:

- Reject evermore open markets and international competitiveness and replace them by the reintroduction of protective safeguards such as tariffs and quotas for domestic economies; this is the necessary precursor to being able to carry out the rest of the policies;
- Introduce a site-here-to-sell-here policy for manufacturing and services domestically or regionally;
- Localise finance such that the majority stays within its place of origin;
- Implement a local competition policy to eliminate monopolies from the more protected economies;

- Introduce fairer and socially positive taxes, resource taxes and tackle tax dodging to fund social and environmental improvements and help pay for the transition to localisation;
- Increase democratic involvement both politically and economically to ensure the effectiveness and equity of the movement to more diverse local economies;
- Re-orientate the end goals of aid and trade rules such that they contribute to the rebuilding of local economies and local control worldwide.

Under these circumstances, beggar-your-neighbour globalization gives way to the potentially more cooperative better-your-neighbour progressive protectionism.

There is little today that can't be manufactured inside a country or grouping of neighbouring states. Long distance trade will shrivel to its original priorities- the quest for raw materials and cash crops that cannot be found domestically. Such trade will still be governed by international trade rules, but ones which ensure that the rebuilding of sustainable local economies are their *raison d'être*, rather than evermore open markets and exports. I have proposed trade rules that will leave free traders a GAST- a General Agreement on Sustainable Trade, governed by a World Localisation Organisation. These would replace the neoliberal's battering ram – the rules of the World Trade Organisation.

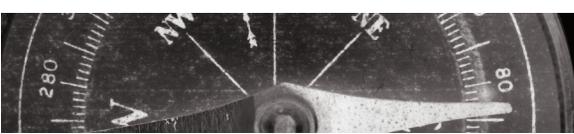
In Europe Caroline Lucas and I have rewritten the open market obsessed Treaty of Rome and turned it into a 'Treaty of Home'. This would re-orientate, re-diversify and provide hope for a region today fragmenting under pressures from the Eurozone crisis. Its continent wide, unprepossessing handmaiden 'austerity' is working inexorably for increased privatisation and shrinkage of the state. This approach depends for its underpinning on the EU's open market obsession and because of it, the need to

placate financiers and be competitive. Economic globalization has a clear end goal: maximum trade and money flows for maximum profit. From this end goal comes a clear set of policies and trade rules supporting this approach. The adverse effects of this economic priority have become increasingly evident and include growing global inequality, job insecurity and adverse environmental effects. There is now growing support for the rather inchoate call for more emphasis on localism. However, most discussion of this is set within the confines of the nation state. As such it never addresses how and why the world trading and financial system blocks any meaningful move in this direction and what has to be done to overcome this.

Progressive protectionism - a more democratic approach

To succeed in the revitalisation and diversification of ever more complex local economies will require the 'daily democracy' of the involvement of people in the planning and day to day running of society. 'Political democracy' is strengthened because national governments are back in control of their borders, whilst big business is weakened by 'progressive protectionism'. Thus involvement in the political process at a national and a local level becomes more worthwhile.

This approach is not a return to overpowering state control, merely governmental provision of a policy and economic framework which allows people, community groups, local businesses and investors to re-diversify their own local economies. The top down is the facilitator for a bottom up process.



Busting Potential Myths Concerning Progressive Protectionism

B..b..b..but under progressive protectionism how will I get my new iPad, Won't we return to the grey aspic of the closed, communist societies?

We red/green consumers have nothing to fear. Progressive protectionism is not about restricting the flow of information, technology, management and legal structures that allow good ideas to be turned into goods and services worldwide, but it is about putting local production first. Whilst paying the patent holder a fair price for the original idea, the work involved will be carried out in every country or region. In this way, such economic activity generates local jobs and tax revenues and can be made to conform to national labour and environmental laws.

Today China is the likely home for the production of, say, the invention of the next must have, stylish electronic gizmo (that a luddite like me would claim allows us to exploit ourselves by working 24/7 more efficiently). Or perhaps a new thin film transparent roof covering that generates solar electricity, turning every building into a power station. Under progressive protectionism these new products will be manufactured domestically.

Of course the articles will be more expensive if they employ UK workers but, take heart, sensitive consumers will be spared the blushes inherent in the conflict between concern about factory working conditions in China and the dash to click on Amazon to buy the cheapest 'compare the market' product. So yes, stuff will be dearer, but this will be more than compensated for by the increased domestic control over economies globally that is inherent in progressive protectionism and indeed is the only route to it. This alternative will make possible the potential for fairer taxes to reduce inequalities, the provision of better social conditions, employment security and environmental infrastructure. It should ensure a happier future than the austerity soaked, beggar your neighbour

world of open markets and international competitiveness that at present is the only one on offer.

So far from heralding a return to the closed economies of communist regimes, with their lack of individual freedom, consumer choice, clunky goods, poor services and environmental degradation, progressive protectionism offers a very different future. It will have all of the social support and economic security such regimes claimed for their people, but this time deliver goods and services in a more locally controlled and environmentally sustainable form. The latter is particularly likely given that the initial rebuilding of local economies could start with a massive programme of economic activity that delivers a more efficient, low carbon energy system and minimises waste. In the process it will generate jobs where people live, local business opportunities and a safer investment home for savers and pension funds.

Protectionism hurts developing countries that need exports to tackle poverty

Progressive protectionism is in fact a truly internationalist programme in that it offers the potential for improved living conditions for the majority world wide. It also challenges the idea that more open markets improve the lot of the majority in poor countries, through the income earned from exports. The reality is that this is a race to the bottom as developing countries try to out-grovel each other to provide the best bribes for foreign capital and companies and the cheapest exports. This approach is also financially advantageous to the local elites, at the expense of broader development programmes to provide basic needs for the majority.

By contrast, a more just and greener global trading system would be carried out within as short a distance as possible, trading in goods that cannot be produced in importing countries. Under such a 'look to the local' emphasis, the exporters' profits could be used to benefit the majority in the exporting country and fund an evermore

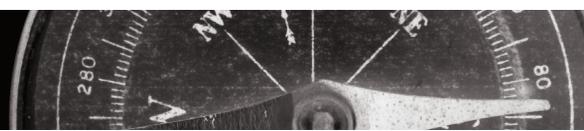
broad based national economy. Europe for example would buy its coffee predominantly from Africa, where it would also be processed and packaged, but under fair trade terms involving long-term contracts. This would allow a securer economic future for the exporters and the governments of poorer countries. A huge advance on their position today, where they are forced by the open market mantra of the powerful to ruthlessly attempt to undercut and out-compete other poor countries, at the expense of the majority in the exporting nations involved.

SECTION THREE: The Way Forward

What progressive protectionism in the UK might involve and how to fund it

In the UK a vast array of manufacturing, finance and service jobs will be created and saved by a programme for a 'Social and Green New Deal'. This will improve both the social infrastructure and provide a more environmentally positive physical infrastructure. To achieve this will require the fostering of an approach which has at its heart the assertion 'the State can be great'. It will use the State's ability to tax to ensure improvements in the social infrastructure eg health, education, pensions.

This will take the form of fairer, but for the majority less income tax, with the tax take being increased substantially through taxing the rich, clamping down on tax dodgers, and more adequate taxes to change damaging behaviour eg junk food taxes, higher alcohol and cigarette taxes. Land, resource and other taxes would be levied to increase environmental improvements and would also help fund the transition to a re-diversified UK economy. Policies must also ensure that the poor are not made worse off. This will require addressing income inequalities such that the results provide a decent standard of living for all. Policies should include a living wage and an improvement



in the criteria upon which benefits are based rather than the Coalition approach of curbing welfare benefits. Through its ability to set appropriate regulation the State can also limit business activity which produces harmful products ranging from junk food to energy wasteful goods.

Most of the social infrastructure will be funded from State sources, but the majority of the physical infrastructure could be funded privately. Regulation encouraging private investment from personal savings and pension funds could involve the State merely in the form of a financial guarantor for unforeseen cost overruns. This would allow governments to encourage the wall of savings, both of individuals and in pensions, via a 'savers as saviours' bond drive to fund the physical infrastructure required. It could involve making the UK energy tight and predominantly renewable powered; reducing waste and hence raw material use and imports through recycling and reuse; providing a massive increase in public transport and decarbonised private transport, and building on brown field sites to address the housing shortfall. Improving this social and physical infrastructure will provide huge numbers of jobs, mostly where people actually live.

“Winston Churchill identified a stable society as the balance required between what he termed the ladder and the net. The present ‘Crisis of Capitalism’ has made clear that the ladder has rungs that need to be brought very much closer together and the net dramatically strengthened – progressive protectionism could achieve just that.”

Such a transition can be initially part funded by Green Quantitative Easing, whereby the Bank of England creates tens of billions of pounds out of nothing. Instead of the present QE which gives such money to the banks to buy gilts, the Bank would invest it more directly into the economy eg funding solar PV for all homes that would benefit from such installations and starting to fund a programme to make all UK buildings energy efficient. Increasingly, however, private savings and pension funds would be used to create an economy that provides, by dint of it being a multi decade programme, a career path particularly for the young. It would therefore promote intergenerational solidarity as well as providing a safer haven for such savings.

Why Should This Ever Occur

To achieve this great transformation, it is crucial to build upon changes in public attitudes towards fat cat excesses and the growing realisation of the downside of austerity. These domestic furies must be linked to the dawning realisation that open markets and policies for export led growth and international competitiveness are making things worse. Such a pincer movement should allow the space to propose policies and organise to achieve less inequality nationally and globally through a fundamental change of economic direction.

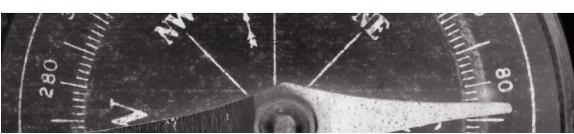
The austerity boneheads in our Government and those behind the new Euro Treaty, will soon be forced into a rethink by the IMF, the ratings agencies and others waking up to the fact that deflation is becoming a bigger potential threat than deficits. There are likely to be growing demands that countries row back towards Keynes in the face of soaring unemployment and collapsing demand worldwide. Whilst such an EU-turn will be welcome, it won't solve the fundamental problem of where Europe's future economic activity and jobs will come from. This is because in the minds of politicians and most commentators our continent's destiny is still yoked to the fantasy of increased competitiveness and export led growth.

Yet there is a radical political rethink that could gain ground as a response to these threats. Huge regions such as Europe, the US, China and India could reconsider their present obsession with the environmentally and socially damaging export model and with its ruthless enforcer - the need for international competitiveness. These powerful players should instead see their economic future in a 'look to the local' emphasis on economic activity within their own borders. The same is true on a regional level for the rest of the world.

Activists and lateral thinking politicians should be championing reduced international dependence on trade and instead go for a politically more popular demand of prioritising domestic production. For the left ever to have a chance of regaining public support they must shift their present political and economic mantra away from beggar- your- neighbour international competition, to a better- your- neighbour, more internationalist emphasis on rebuilding and re-diversifying sustainable local economies everywhere.

Such a programme of Progressive Protectionism, if argued for in the ways outlined above, could attract support across the political spectrum. The activity inherent in this shift to localised economies could see off the imminent economic decline by providing a more secure future for local businesses, savers and the young, as well as protecting the environment. It should therefore appeal to those on the left, the centre, to the greens and to 'small c' conservatives.

Winston Churchill identified a stable society as the balance required between what he termed the ladder and the net. The present 'Crisis of Capitalism' has made clear that the ladder has rungs that need to be brought very much closer together and the net dramatically strengthened – progressive protectionism could achieve just that.



Colin Hines is the author of the forthcoming book

'Progressive Protectionism'

Crucial Postscript. In order to ensure his numerous, but more reformist, day to day working relationships are not imperilled, he wishes to make clear that this is written in his personal capacity. His day job includes being the convener of the Green New Deal group and on a lighter note publisher of 'Art Deco London'.

He is author of the book 'Localization-A Global Manifesto' (Earthscan).

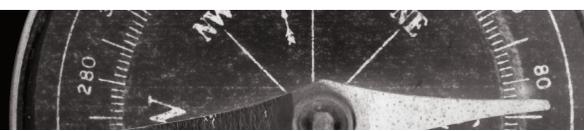
Before that he was the Co-ordinator of Greenpeace International's Economics Unit having worked for the organisation for 10 years.

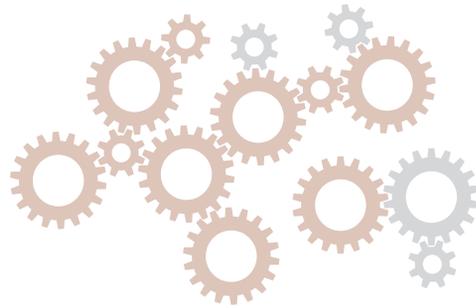


Progressive Protectionism:

the only effective challenge to neoliberalism

by Colin Hines





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