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## Economic Ideas and Authority in Non-hegemonic Times

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# RULING THE INTERREGNUM

## ECONOMIC IDEAS AND AUTHORITY IN NON-HEGEMONIC TIMES

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### ABSTRACT

This paper investigates the current state of economic theory and governance through the concept of Interregnum. While IPE theory have a set of different theories about periods of hegemony and paradigmatic stability, the period between stable hegemonies are distinctly undertheorized. This is especially problematic as economic history shows that these periods of Interregnum can span decades. The paper will argue that the notion of Interregnum is distinct from the concept of crisis, and the paper develops a theoretical model that describes periods of Interregnum through a range of criteria: 1) Absence of a stable consensus, 2) Institutional continuity, but increased dysfunctionality of key institutions, 3) Intensified Political struggle, and 4) Presence of competing economic strategies. The model of Interregnum is used for a comparative case study of the experience of Denmark and the UK in the 1970s between the breakdown of the post-war Keynesian consensus, and the eventual triumph of neoliberalism.

*Keywords: Crisis; Neoliberalism; Policy; Critical International Political Economy*

### 1: INTRODUCTION: EVALUATING THE 2008 CRISIS

Since the 2008 crisis there has been a lively scholarly and public debate, about the role and influence of economic theory in the financial debacles of the time, as well as broader political developments. The initial focus in the aftermaths of the crisis on debt and financial liberalisation, has been complemented by the critique of inequality and poverty (Milanovic, 2012; Piketty, 2014). At the same time it seems

that while these new heterodox voices are growing in strength, they have made relatively little impact on the way policy is formulated, or how economics is taught at universities and business schools. This double situation is mirrored in the approach to the crisis in the debates within critical political economy/IPE. In the years immediately following the 2008 financial crisis, there seemed to be a widespread anticipation that it would mean the end of the ideational hegemony of economic liberalism that had characterised the period since the 1980s.

The first wave of scholarship on the crisis, in the years after 2008 tended to emphasise this expectation. As the material and ideological foundations of neoliberalism were shattered, we were witnessing the beginning of the end of neoliberal hegemony (see (N. Brenner, Peck, & Theodore, 2010; Dumenil & Levy, 2011; Kotz, 2009; Krugman, 2009; Peck, Theodore, & Brenner, 2010; Stiglitz, 2008). The idea of the collapse of neoliberalism was based on the apparent contradiction of the doctrines by the massive government interventions with bank packages and the creation of state credit and guarantees. A trend further strengthened by the apparent return to Keynesian countercyclical policies in many countries in the years immediately following the crisis. (Eatwell & Milgate, 2011)

However, as the short “Keynesian window” of 2008-9 quickly closed, and as it became clear that the largesse shown in the bailout packages to the banks, would generally not be shown to the unemployed, a new dominant narrative emerged: the persistence of neoliberalism, despite the crisis. No longer expecting a rethinking of economic orthodoxies the aim was rather now to explain the persistence, or non-death of neoliberal ideology and policies (Cahill, 2014; Crouch, 2011; Mirowski, 2013; Aalbers, 2013). Mark Blyth took this further by showing how in the EU, the crisis was actually used to enforce some of the central tenets of the neoliberal assault on the public sector, through a turn to a hard programme of austerity (Blyth, 2013).

## 1.A: PREMATURE CONCLUSIONS

At the surface, this view of the 2008 crisis as a missed opportunity or a failed paradigm shift seems more convincing than the first wave of literature on the crisis. But, just as it proved premature to expect the imminent demise of neoliberalism after the crisis, it might prove premature to proclaim its non-death already.

Rather, since 2011, we have seen a wave of anti-establishment discontent, and the emergence of non-neoliberal politicians, from Corbyn, to Iglesias, Tsipras and Bernie Sanders, that have not been the case for decades. At the same time it seems the mainstream of the economics profession, is turning against some of the orthodoxies of neoliberalism. Even traditional bastions of orthodox economic ideas such

as the IMF and the OECD are warning against inequality and advocating greater public spending (Ban, 2015). Neoliberalism might not have lost its position in the day-to-day formulation of policy, but the days of undisputed common-sense seem gone.

It seems that the tacit assumption of many analysis of the aftermath of the crisis, is that we have seen a resolution one way or the other: either a return to Keynesian “normality” or resilient neoliberalism. (Schmidt & Mark Thatcher, 2013) But maybe such judgements are really premature. While changes in modes of regulation have often been the outcomes of economic crises, historically this has rarely been a fast process. The post-war regime of Keynesian macroeconomic consensus and class compromise was undoubtedly born out of the experiences of the economic turmoil of the interwar years, but it took more than a decade and a world war before a new economic architecture emerged in the form of the Bretton Woods system. In parallel, while the economic turmoil of the 1970s started out in earnest with the practical breakup of Bretton Woods in 1971, it was not until the late 1970s that neoliberalism emerged as the dominant response to the breakdown of the post-war system, and it was not until well into the 1980s that competing strategies from the left, were thoroughly defeated.

Maybe, thus, we should evaluate the period since 2008 instead as an interregnum. An interregnum may be defined as a period of uncertainty, where there is deep confusion and disagreement among the dominant elite, and where former ideologies, while still having institutional power, are losing traction, leading to disagreement and disorientation.

In such a fluctuating landscape, governments still have to react. The orthodoxies of former times are still dominant in the bureaucracies and apparatuses of state, but at the same time the traditional institutions are no longer as effective as they once were, and several alternative strategies and strands of critique compete with each other for the dominant solution to the political confusion.

This paper will investigate the concept of interregnum through a look at the role of crisis in critical IPE literature and the problems in the widely-used metaphor of ‘punctuated equilibrium’. Section 3 will outline a heuristic model of interregnum, and section 4 will try to use this model empirically to describe the political-economic trajectories of the cases of UK and Denmark in the 1970s. The last section will try to reflect on implications and see to what extent it makes sense to see the post-2008 world through the lens of the Interregnum.

## 2: UNDERSTANDING CRISIS IN IPE THEORY

The concept of crisis has always been central in the literature on structural change in the political economy – something that seems to span across all schools of thought that deal with historical changes. In the intuitionist tradition there have been a decade long theoretical debate, set up in many ways by Peter Hall's seminal 1993 paper on policy paradigms (P. A. Hall, 1993), between the role of crisis-driven sudden change and forms of incremental change (see (Blyth, 2001; Boas, 2007; Campbell, 2010; Henriksen, 2013; Mahoney & Thelen, 2010; Pierson, 2000a, 2000b; Thelen, 2010). In the Marxist and regulationist tradition, points or crisis also stand as central pillars in the transition from one mode of regulation or form of capitalism to another (Aglietta, 1998, 2000; Boyer, 1990; R. Brenner, 2003; Bruff & Horn, 2012; Glyn, 2007; Harvey, 2010).

The ideas of crisis as turning points, whatever the concrete theoretical formulations, are generally associated with a model of punctuated equilibria, an idea borrowed from palaeontology (Gould, 1972). The central idea behind this metaphor is that history does not move forward at a steady pace, but rather in plateaus of stability, punctuated by short periods of fast change, where the conditions are created for a new equilibrium to emerge. A similar model can be seen in Thomas Kuhn's work on scientific paradigms, where periods of stable paradigms allow normal science to go on, punctuated by sudden periods of scientific revolutions (Kuhn, 1996 [1962]).

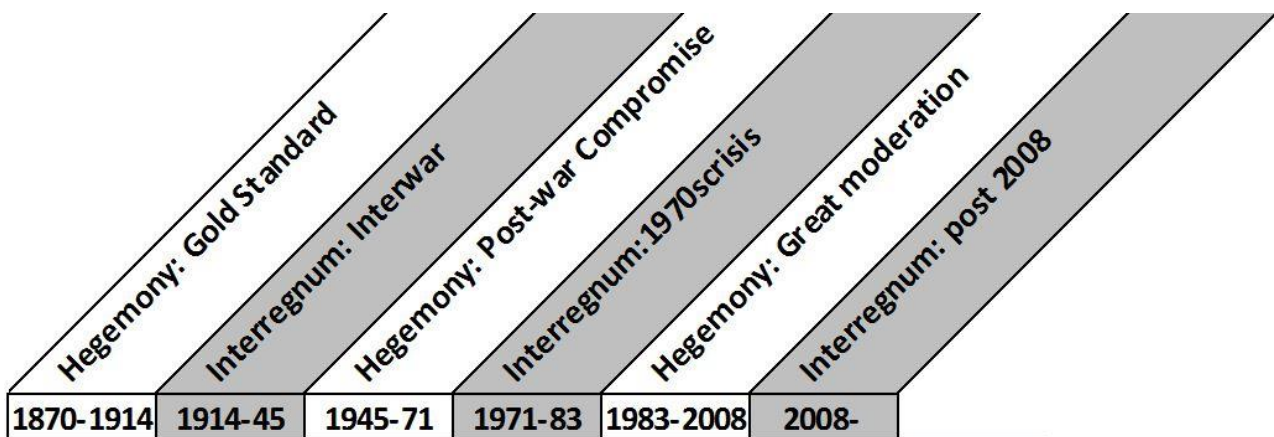
The aim in this paper is not to dispute the central role of crisis, or to argue instead for some sort of incrementalism. Looking at history, it seems self-evident that major economic crises have been some of the main drivers of institutional and ideological change. There are some problems with the model of punctuated equilibrium though. In its very nature the punctuations must be relatively short or unusual periods. This sometimes happens in history – revolutions, coups or war can really be “weeks where decades happen”. When it comes to studying the impacts of economic crises, this does not seem to be the case though. The punctuations between periods of equilibria actually seem rather long. It was not until 1945, and a world war, that the Keynesian paradigm found its institutional form. And it took almost a decade, from the breakdown of Bretton Woods in 1971 until the neoliberal revolution emerged in force in the first countries. Such periods of confusion are not trivial in comparison to e.g. 25 years of stability in the post-war compromise. What follows the breakdown of a situation of economic and ideological hegemony, does generally not seem to be a new system of hegemony. Instead we see a prolonged period of confusion, with competing economic strategies. These periods of

interregnum cannot be conceptualised as mere transitions, but rather seem to be periods in their own right.

## 2.A INTERREGNUMS ARE UNDERTHEORIZED

Looking back from 2016, one can argue that in the last century, stable hegemonies have only been present for around half the time, the 25 years of Keynesian consensus in the post war compromise and around 25 years of neoliberalism in the so-called Great Moderation from the early 1980s to 2008, as outlined in the timeline in figure A.

**Figure A: Timeline of Hegemony and Interregnum**



Of course the exact historical timing can be debated: did neoliberalism triumph with the 1983 defeat of reformist socialism in Britain and France as argued in this paper, or with the election of Thatcher in 1979, or only with the fall of the Berlin Wall in 1989? Did the interregnum of the interwar years start with the breakdown of the liberal world order in the First World War in 1914, or only after the crisis of market liberalism in the great depression after 1929?

What seems clear is that the economic history of the 20<sup>th</sup> century is not one of stable hegemonic systems replacing one another with only short of punctuation. There are serious gaps, sometimes lasting decades, from the breakdown of one stable hegemony to the creation of another, where several ideologically conflicting strategies struggle for potential hegemony. And given this historical weight these periods of interregnum are distinctly undertheorized in the literature. Might periods of institutional and ideational confusion, not only be characterised by an absence of hegemony and consensus, but also have dynamics of their own, that need to be appreciated on their own terms? Instead of the tacit assumption that periods of stable hegemony are the “normal” state of capitalist

economies, we might have to accept that we are moving towards a world where sustained hegemony is not the norm.

## 2B INTERREGNUM AND CRISIS

The concept of interregnum should not be confused with a simple notion of crisis. Crisis tendencies can be present, even under hegemonic times, with stability covering deep seated problems.

A system might come into crisis, and manage to overcome this by conventional means or by institutional or political innovation. Only if several competing strategies are present at the same time and no one strategy is able to achieve hegemony for a prolonged period of time, can we speak of a interregnum proper. In this way an ideological and political crisis is a necessary condition for a period of interregnum, but not sufficient.

At the same time a concept of crisis , if operational at all, must have a temporally limited scope. A crisis in its very nature has an urgency. It is a state of exception, where a system is either able to overcome, or is thrust into terminal decline. In contrast a period of interregnum has no such urgency. While the period is characterised by the dysfunction of central institutions that previously managed to keep economic and political contradictions in check, there is no necessary drive towards a solution of the situation, as long as several viable political and economic strategies exist.

## 3: THEORY OF THE INTERREGNUM

The notion of interregnum is, of course, originally a monarchical term, denoting the gap periods between the death of one regent an the ascension of the next. In a theoretical context, the idea was first developed by Antonio Gramsci. In the *Prison Notebooks* as a part of his analysis of the state and creation of hegemony, he speaks of the interregnum as defined by a “crisis of authority”:

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*“If the ruling class has lost its consensus, i.e. is no longer “leading” but only “dominant”, exercising coercive force alone, this means precisely that the great masses have become detached from their traditional ideologies, and no longer believe what they used to believe previously, etc. The crisis consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum a great variety of morbid symptoms appear.” (Gramsci, 2003 )276)*

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I will argue however, in contrast to Gramsci’s notion, that while periods of interregnum are precisely defined by a situation where an old institutional order still exists, but is increasingly dysfunctional, the

Interregnum is not defined by a lack of ideological projects, but rather with several competing projects, that all have sufficient backing in society to remain viable. As such no single political and economic strategy is able to achieve hegemonic status. The period of interregnum thus occurs when with the advent of a crisis of the established economic and ideological order, and ends when one of the strategies for the solution of the crisis and establishment of a new hegemony appears victorious. In contrast to other notions in Gramsci, his concept of interregnum has received scant recognition in scholarly circles, and there have been very few attempts at developing the concept within IPE.

In his 1995 text “Theorizing the interregnum: the double movement and global politics in the 1990s” (Gill, 1995), Stephen Gill uses the concept of Interregnum to denote what he perceives as the inability of neoliberalism to attain hegemony in the 1990s, because of internal contradiction, but without developing the concept further.

In a 2010 article on the perspectives of a new Bretton Woods system, Eric Helleiner uses the concept in a model of the establishment of a new global financial system (Helleiner, 2010). Helleiner argues in a vein not dissimilar to Gramsci’s, that the construction of a new financial system, you need to go through four phases: A) a legitimacy crisis for the old system, B) an interregnum, C), a constitutive phase, and D) implementation of the new system. Helleiner argues, that the expectation of a new system as a direct product of the 2008 crisis is premature, and that the financial crisis instead denoted a legitimacy crisis for the neoliberal financial system, and the beginning of an interregnum.

### 3. A MODEL OF THE INTERREGNUM

I will propose a model of sustained Interregnum as containing four main elements, in contrast to period of stable hegemony: 1) Absence of a stable consensus , 2) Institutional continuity, but increased dysfunctionality of key institutions, 3) Intensified Political struggle, 4) Presence of competing economic strategies.

In contrast to periods of acute crisis, these conditions do not necessarily mean a situation of fast change. Some of the “morbid symptoms” can be a perception of increased stability, as the breakdown of consent can cause gridlock and prevent the sort of incremental innovation and institutional tinkering that is possible in a normal system. In this context however, political parties emerge as more central battlegrounds than in hegemonic periods, with struggle over different strategies often taking place within individual parties or blocs. Periods of interregnum last as long as no competing strategies manage to emerge victorious, with a sufficient strong bloc of support to exclude or marginalise alternatives.

An outline can be seen in table A, and the points developed more below:



**Table A: Hegemony vs. Interregnum**

	Hegemony	Interregnum
Ideas	Consensus	Disagreement
Institutions	Stable, gradual innovation	Unstable, drift or gridlock
Economic strategies	One dominant	Several competing
Political parties	Unimportant (consensus)	Important, sites of ideological struggle
Political struggle	Left vs right within consensus, extensive	Realignment within blocks, intensive

### **1) Absence of a stable ideological consensus**

The consensus between the main class and interest groups in society is breaking down, and hegemony is therefore lost. The previous consensus might not have been one of active compromise and consent as in the post war period, but could also be one of class dominance and lack of plausible alternatives as during the neoliberal hegemony. As such the breakdown of hegemony might either take the form of the disillusionment of the ideological certainties of the previous system, or, if this ideological consent was never there, in the abandonment of the idea that there is no alternative. In either case the consequence is that governments are forced to rely less on persuasion and negotiation, and more on direct use of coercion to enforce order and compliance, see (Bruff, 2014; S. Hall, 1980)

### **2) Institutional continuity, but increased dysfunctionality of key institutions.**

The institutions of the previous hegemonic system are still in place, but they are increasingly unable to deliver the sort of solutions to policy problems that they were previously able to. Gridlock and political conflict might mean that there is MORE institutional stability in some areas, because the gradual piecemeal adaptations that take place in a well ordered hegemonic period are impossible.

### **3) Presence of several competing strategies of growth and development**

While an interregnum is characterised by a widespread idea that there is a generalised condition of crisis, there are widely differing ideas of how to get out of the crisis. This means that there are several competing projects circulating with considerable backing from powerful players in society. This disagreement is not just the “normal” left-right, elite-people, urban-rural divisions of normal politics. This is differing version of a complete overhauls of the economy, and often there will be clear divisions within both left and right blocs.

#### **4) Intensified political struggle**

In periods of interregnum, however political struggle intensifies, and the presence of several competing economic strategies create political lines of confrontation between, or across, party lines. In these periods, political parties become more central. In periods of stable hegemony political parties play a relatively minor role when it comes to adjusting relations of production in any meaningful way. Of course there are various ideological positions, but among non-marginalised parties, this variation is primarily a rhetorical packaging to the same basic policies. In an interregnum period this stability is shattered, with either the emergence of new political or sharp division and ideological realignments within traditional. While these divisions are often left-right, they are also around other strategic issues in the continued economic governance of the country.

## **4: THE 1970S INTERREGNUM**

In the following I will try to use the model on the historical experiences of the experience Britain and Denmark in the 1970s, as examples of periods of interregnum.

The focus on national context should not be taken as a statement that this is necessarily the site of the most crucial action, and that international organisation as the IMF, the OECD and not least the EU, do not play a central role in the development of economic ideas. It is simply a pragmatic choice, because nation states still contain a relatively stable and clear institutional setup, with parties, interest groups, and other institutions, where it is possible to study ideational development over time – and also include relevant international influences, where they can be traced in the national material.

Furthermore, the UK and Denmark offer cases of two countries with relatively clear differences in political and economic institutions in the post-war period, as well as a distinctive trajectories of neoliberalisation in the aftermath of the 1970s.

Both countries had relatively high growth rates in the 1950 and 1960s, although not as high as the growth rates seen in Southern Europe, and relative peaceful industrial relations (Eichengreen, 1996). Denmark in the post war era was dominated by a series of social democratic governments, that managed to build strong, formalised system of corporatist institutions of negotiation, with unions and employer organisation in relatively equal positions of power (Dalgaard, 1995; Kjaer & Pedersen, 2001) In Britain the corporatist institutions that were dominant in Europe were never instituted in any major way, but in the relative high rates of economic growth, there was still a situation of relative

economic peace.

This all started changing in the early 1970s. The de-facto break up of Bretton Woods in 1971 and the rise of unemployment after the first OPEC oil shocks in October 1973, meant rising pressure on the instruments of Keynesian demand management. With economic balances already under pressure by balance of payment problems mounting in the 1960s in Britain and Denmark, and the emergence of both rising unemployment and inflation, the consensus on economic strategies shattered, with different strategies supported by parts of the left and right:

**Table B: 1970s interregnum.**

	<b>UK</b>	<b>DK</b>
<b>Absence of consensus</b>	Yes. Divisions inside Labour and conservatives over crisis strategy.	Partly. Breakdown of hegemonic four-party system in 1973. Divisions between unions and social democrats.
<b>Competing strategies</b>	-Keynesian/Income policy, Alternative Economic strategy Neoliberalism/Monetarism,	Keynesian/Income policy Economic Democracy (monetarism – OECD)
<b>Increased political struggle</b>	Divisions inside Labour and conservatives over crisis strategy.	Rise of new parties on left and right.
<b>Institutions stable, but increasingly dysfunctional</b>	Some (ultimately failed) attempts at institutional innovation.	Yes. Corporatist arrangement still in place but under strain.

#### 4A: COMPETING STRATEGIES IN BRITAIN

In Britain there emerged three main solutions, each advocating different solutions to the crisis.

##### 1: Keynesian/Income policy

The Keynesian/income policy strategy represents a continuity with the post-war consensus, using many of the same tools of Keynesian demand management that had secured conjunctural stability in the 50s and 60s, and a continued fidelity to the aim of full employment. The existence of this aim, while maintaining a conciliatory attitude towards private business, however means that inflation and wage increases needs to be controlled by a programme of (widely unpopular) incomes policy, coordinated with the TUC (Coopey & Woodward, 1996). A main proponent of this is Anthony Crosland, from the former labour right wing, who a centrist position in the debates. While this view is the dominant approach in Labour before 1976, it is also the approach that ultimately became the main strategy of the Heath government, after having to abandon their original programme.

##### 2: Neoliberalism

The new right project proper developed in the fringes of the Conservatives and in the think tank movement associated with international neoliberal movement (Cockett, 1995). Keith Joseph had been its long-time advocate in the Conservative party, but was not able to significantly influence policy. Neoliberalism comes into prominence with the election of to the party leadership Thatcher in 1975. The aim of the strategy is to use a strict monetary policy, to curb inflation and, through temporarily rising unemployment, discipline organised labour into accepting a downward pressure on wages that would restore profitability in private business.(Evans, 2013; Smith, 1987) At the same time there is a pressure for monetarist policies from the IMF in the 1976 currency crisis, and the central tenets of the ideas are adopted into the Labour party's right wing in the late 1970s, especially by Dennis Healy. (Hickson & Seldon, 2004)

### **3: Alternative Economic Strategy**

The alternative economic strategy proposed a left solution to the crisis of the 1970s, through a strategy based on securing a higher level of investment in key industries, through nationalisation and government direction of investments. Full employment is maintained as goal, a modicum of income policies in the short run and balance of payment problems solved through import restrictions(Callaghan, 2000). This strategy is supported by the growing Labour left under Tony Benn, and some part of the union movement. The main intellectual formulation is provided by Stuart Holland (Holland, 1975)

## **4B: COMPETING STRATEGIES IN DENMARK**

### **1: Keynesian/ Income policy**

In the period of the 1970s the strategy of Keynesian full employment and income policies are in most years the dominant strategy, both in social democratic and right governments(Danish Government, 1970; Government, 1975), and with great support among domestic economic experts (Danish Economic Council, 1970, 1975) . This lead to continued tension with the main private sector unions, especially as government tightened the grip wages, with several interventions in on collective agreements in the late 1970, leading to a stagnation in real wages from 1979 onwards(Asmussen, 2007).

### **2: Economic Democracy**

While Denmark had its proponents of a nationalisation based crisis policy ala the AES among academics (Brink, 1976; Liebetrau, 1983) and left Parties(Dalgaard, 1995), the main left challenge to the Keynesian strategy came from the mainstream of the union movement in the form of "ØD" or

Economic Democracy. The union plan for ØD, originally adopted by the LO in 1971 is widely similar with the Swedish Meidner-plan adopted by the Swedish Labour movement a few years after (Meidner, 1980), although the Danish plan is considerably more decentralised (Toubøl & Gielfeldt, 2013).

The main part of the strategy was to adopt a centralised policy of wage restraint. However, in contrast to a classical incomes policy, the money saved should not go directly to the owners of business, but rather be placed in investment fund controlled by union and employer representatives, and be used for purchasing stock in national companies. This would ensure two things: in the short term the strategy would ensure competitiveness of industry, though lower wages and targeted funds for investments. In the longer run it would mean the gradual takeover of the means of production by the working class, resurrecting a goal of classical reformist socialism, which had been pushed to the side for the sake of the class compromise of the post-war period.

### **3: Neoliberalism**

Curiously there is very little domestic presence of neoliberal policies in the Danish debates. Proponents of monetarism are only supported by a small number of businesspeople and academics. The main power players remain wedded to the class compromise. Even mainstream business-organisations are having earnest discussions of strategies for wage-earners funds in the 1970s. There is however a certain "shadow presence" in the form of international organisations, especially the OECD; and this can help explain the fast conversion to a de facto-monetarist position after 1982 (Marcussen & Zølner, 2003).

### **4C: TRAJECTORIES OF THE INTERREGNUM:**

In both Britain and Denmark the immediate policy reaction to the downturn was the conventional instruments of Keynesian demand management and attempts to using incomes policies of varying strictness to keep wage and price increases in check.

In Britain this strategy effectively died in 1976, when the Labour government essentially surrendered to the IMF demands of monetarist policies. The failure of incomes policies can be seen to a large degree as a product of the weakness of the leadership of the unions, not able to control their memberships, who rejected wage moderation, and in increasing numbers turned to more radical positions advocated by the AES.

After that point only the neoliberal and the AES strategies survived as viable alternatives. When the AES, adopted in a diluted form in the Labour 1983 election manifesto, was defeated neoliberalism stood back as the only viable strategy.

In Denmark the trajectory was somewhat different. The stronger, more moderate and more centralised union movement, was able to enforce incomes policies more successfully than in Britain. In contrast however, the unions were not able to push their programme of Economic Democracy through parliament, despite the explicit support of Prime Minister Anker Jørgensen.

This failure had several sources. The strategy faced opposition or lukewarm support in the parliamentary social democratic party, especially among moderates. At the same time the strategy came under attack from the left parties, for lacking measures of direct workplace democratisation and enrolling workers into the capitalist system as owners, without giving any meaningful control for a considerable period. These attacks increased as the models of ED became diluted and moderated in the late 1970s. (Toubøl & Gielfeldt, 2013). The most important factor in the fall was probably a concerted campaign against the proposals by business and the right. This eroded popular support, and LO only tried to counter this threat after the ideological battle was effectively lost. All this led to a situation where the strategy of ED; was effectively off the table in any meaningful form after the late 1970s, although different models from social democrats or the left continued to exist in the debate well into the 1980s. In Denmark in contrast to Britain therefore, the centrist strategy survived, although it was also pushed off the table by the sudden turn to monetarism in 1982.

#### 4D: END OF THE INTERREGNUM

In Britain the interregnum can be said to have ended after the 1983 election. Scholarship on neoliberalism often takes the first Thatcher government in 1979 as the proper start of the neoliberal regime in Britain. While this assertion is evidently true in retrospective, I will argue that it was not until Labour's 1983 defeat, that neoliberalism stood as the hegemonic political project, signifying the end of the interregnum period of competing projects.

In Denmark this can be seen in the 1982 decision of the newly ascended conservative government to enter into a currency peg to the D-mark, and thereby both tying the country to the ordoliberal monetary policy of West Germany, and removing the prospect of both an independent monetary policy and (Lundkvist, 2009; Marcussen, 2002). While rear-guard action continued in both countries, from the left wing, and, interestingly, from large part of academic economics, by the 1980s there was effectively only one strategy on the table in both countries.

## 5: IMPLICATIONS FOR THE POST-2008 WORLD

The end of the 1970s interregnum ushered in a 25 years period of neoliberal dominance that were later dubbed the great moderation by Ben Bernanke, in the very end of the period in 2004 (Bernanke, 2004) While growth rates never recovered to the levels known in the post war period, or even the 1970s, the defeat, or domestication of organised labour in the 1980s and 1990s, and the rise of the pro-business leaders of the third way social democracies, a situation of class dominance, allowed for the hegemony of neoliberal ideas, in a world where no alternatives had major support.

The question then is whether the post-2008 world can qualify, as an interregnum, or if we are simply witnessing a resilient form of neoliberalism. The rise of anti-establishment politicians in the mould Trump, Sanders, Corbyn, Iglesias and Marine Le Pen, seems to signify a deep crisis for traditional political elites. It appears that the growing rise of alternatives have emerged after, and the wave of protest sweeping the world in the wake of the Arab spring in 2011, including both Occupy Wall Street in the US and the widespread movements against austerity in Southern Europe. In contrast to earlier cycles of protest, this wave seems to have coalesced into a political form that is able to take actually take potentially take state power, or as in the case of Syriza, actually succeeding.

At the same time there seems to be a growing split among ruling elites, where the neoliberal consensus of the Great Moderation, have been superseded rising disagreement and worry, as seen in the dedication of the World Economic Forum in Davos in 2015 to the question of inequality. Two distinct strategies seems to be discernible here: One of continued austerity to drive down wages and drastically reduce the public sector, until the living conditions in the developed world are closing in on the rising middle classes of China and India. The other strategy, however, maintains the need for a reduction of inequality through some form of redistribution, and an investment led transition to a greener economy. So far this last strategy seems as hazy as the radical alternatives. But the turbulence started in the 2008 crisis, might still take many years to play themselves out.

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