

افغانستان آزاد – آزاد افغانستان

AA-AA

چو کشور نېاشد تن من مېباد بدین بوم و پر زنده یک تن مېباد
همه سر به سر تن به کشتن دهیم از آن به که کشور به دشمن دهیم

www.afgazad.com

afgazad@gmail.com

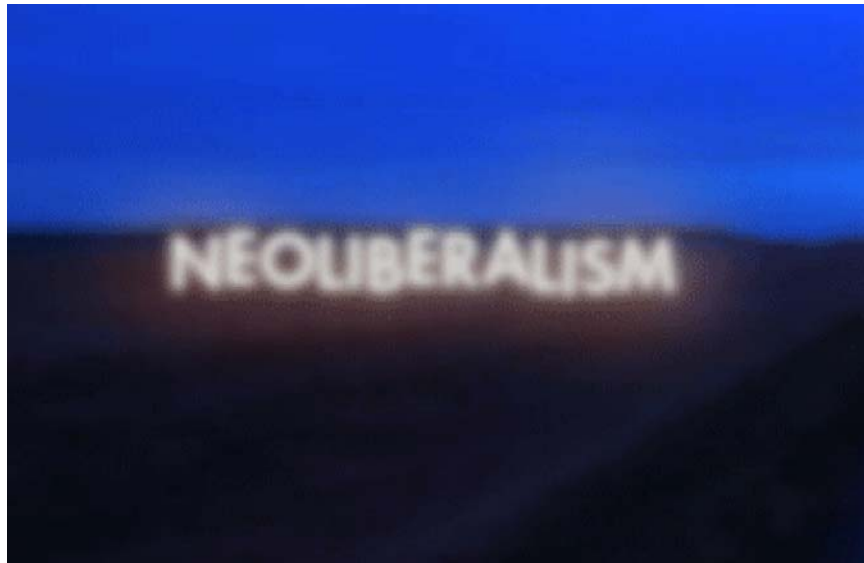
European Languages

زبانهای اروپایی

BY ROB URIE

15.02.2021

Neoliberalism and Its Discontents



Photograph Source: Topher McCulloch – [CC BY 2.0](https://creativecommons.org/licenses/by/2.0/)

While the recent election provides brief respite from the non-stop antagonism of the prior four years, few of the background problems that currently plague the West are likely to be addressed through existing political channels. In contrast to the American tendency, this isn't a matter of the character defects of elected officials. The post-War period that ended in the early-mid 1970s was replaced with an increasingly insistent capitalism—neoliberalism, that has not just reordered the West, but changed the purpose and motives of the public realm to the point where serving capital is all that it does. The question of the moment is: is this all that the public realm can do?

Because of the primacy of the U.S. in conceiving and promoting neoliberalism, the alleged problem of being overtaken by external forces, e.g., China, Russia, joins a long history of externalizing internal dysfunction to deflect attention away from its sources. Neoliberalism is

a post-War liberal project premised in pre-Great Depression economics— as if the Great Depression never happened, that is untethered from history, basic social logic, and its own facts. That the GFC (Global Financial Crisis) and Great Recession did nothing to diminish the hold that it has on official logic is testament to this untethered nature. Its idea holds more sway than the facts it produces on the ground.

The Original Principles of The Washington Consensus

- 1.Low government borrowing. The idea was to discourage developing economies from having high fiscal deficits relative to their [GDP](#).**
- 2.Diversion of public spending from [subsidies](#) to important long-term growth supporting sectors like primary education, primary healthcare, and infrastructure.**
- 3.Implementing tax reform policies to broaden the tax base and adopt moderate marginal tax rates.**
- 4.Selecting interest rates that are determined by the market. These interest rates should be positive after taking inflation into account ([real interest rate](#)).**
- 5.Encouraging competitive exchange rates through freely-floating currency exchange.**
- 6.Adoption of free trade policies. This would result in the liberalization of imports, removing [trade barriers](#) such as [tariffs](#) and [quotas](#).**
- 7.Relaxing rules on foreign direct investment.**
- 8.The privatization of state enterprises. Typically, in developing countries, these industries include railway, oil, and gas.**
- 9.The eradication of regulations and policies that restrict competition or add unnecessary barriers to entry.**
- 10.Development of property rights.**

List: the first principle states that the Washington Consensus is relevant to ‘developing’ economies. And yet it has been applied to the rich countries of the West much as it was forced onto poor nations by the IMF. It is a program of political reform put forward as economic reform. The political program is austerity, the immiseration of people to render them politically pliable to the whims of capital. Source: <https://www.intelligenteconomist.com/washington-consensus>.

The Washington Consensus ties the programmatic instantiation of neoliberal reforms throughout the West to the Bretton Woods system enacted following WWII. Through the IMF (International Monetary Fund), a set of principles (Washington Consensus) was developed by which indebted ‘developing’ nations could be brought into conformity with

U.S. client-state status under the guise of helping them develop. Through the Washington Consensus, debt, much of it [odious](#), was used to force economic reforms similar to the creditor workouts that Wall Street uses. The difference is that these were political reforms carried out under the guise of economic necessity.

Several points of relevance: 1) structural adjustment programs were imposed under duress. This made the relationship one of imposition, not of offering helpful advice. 2) with U.S. institutions being the predominant creditors, the ‘workout’ character of the IMF programs—assuring that creditors got paid, made them opportunistic. 3) these programs were profoundly destructive. Economist Joseph Stiglitz details the destruction in [Globalization and Its Discontents](#). 4) applying the Washington Consensus principles to the U.S. begs the question of intent. As issuer of its own currency, the U.S. isn’t in a position to have austerity forced on it from without.

This latter point is crucial. The liberal / neoliberal obsession with the debilitating power of U.S. debt— either through ‘borrowing from the Chinese’ or bond vigilantes, substantively misstates the debtor / creditor relationship that the U.S. is in. Chinese holding of U.S. debt is a portfolio allocation decision, not lending per se. The Chinese sold the U.S. more stuff than the U.S. sold to the China, leaving them the choice of selling dollars to buy the Chinese currency (RMB)— and thereby raising its value and hurting their trading position, or buying interest bearing U.S. treasury bonds. This has little to do with the creditor-debtor relationship as it is generally understood.

The defensive posture through which neoliberal reforms are sold— through the claim that international competition requires that domestic economic policy resemble the structural adjustment programs imposed by the IMF, is belied by the increasing concentration of wealth that has accompanied neoliberal reforms. Median wages have been stagnant for four decades as the wealth of the oligarchs has reached gilded age levels. The austerity storyline of sacrifice— ‘a country can’t live beyond its means’ as the bi-partisan economic Right in Washington puts it, was started at the outset of neoliberalism. One Wall Street bailout and one Covid relief package that made billionaires one trillion dollars richer later, the people aren’t buying it.

Juxtapose the perpetual American chatter about ‘human rights’ against actual foreign policy and liberal theory is irreconcilable with liberal facts. Acts such as the leveling of what is now North Korea, the devastation inflicted on Vietnam, Laos and Cambodia, American dirty wars in Central America, the destruction of Iraq, the destruction of Libya, and murderous proxy wars in Syria and Yemen, are understood to be atrocities outside of the U.S. None of these were defensive wars. Were American foreign policy in any sense benevolent, or even benign, the [reputation of the U.S.](#) as ‘the greatest threat to peace in the world’ wouldn’t exist.

Modern American liberalism ties to classical liberalism, but even more precisely to the effort following WWII to re-sell capitalism as opposition to communism and fascism. On the one

hand, liberalism has content as political theory tied to classical liberal premises. On the other, it is defined by what it isn't. To the extent that liberalism and fascism support different forms of capitalist political economy, much of the difference can be attributed to internal versus external perspectives. Once the benevolence of American foreign policy is dispensed with, focus shifts to the domestic weal. Part of the enthusiasm for wage labor on the part of capitalists in the U.S. following the end of slavery was that employers no longer had to provide food and housing to workers.

Liberalism ties to American exceptionalism through idealized history. Why get bogged down with the slaughter-bench of history when people can imagine themselves to be good and leave it at that? This tendency toward idealism, toward imagined history, has ontological roots in a particular theory of human being. Western individualism is more than simply a cynical parsing of economic production that allows a few 'individuals' to put most of it in their own pockets. Individuals are the base conceptual unit that supports both capitalism and democracy. If you accept the premises of individualism, then these logically follow.

The American confusion between Left and Right politics of late offers insight into these premises. Usually framed as a threat to individualism, the Left premise is that people are fundamentally social— that community is the more plausible realm of human being. Having a billion dollars in a bank only has value as a social marker, as a claim on what other people produce. Without community, there is no bank, there is no money, and there is nothing to spend it on. In this sense, capitalist individualism is a sleight-of-hand, a misdirection to draw attention away from the social source of wealth.

Through the 'American view' the allegedly divergent social philosophies of anarchism, libertarianism and even democratic socialism, proceed from the liberal premise of individuals as the fundamental unit of society. This point is ontological— it references differing conceptions of 'the world,' not simply episteme, or knowledge. The liberal premise is that people come to know the world through individual self-realization. This leaves capitalism and democracy as systems of individual choice. Why, then, has capitalism / neoliberalism been imposed by fiat and military force? Question: who in the U.S. was allowed to vote for or against neoliberalism? Answer: the corporate and political representatives who craft trade policy.

The last five or so decades, the neoliberal period, have seen the reification, the rendering into social fact, of this individualist ethos. Privatization is more than a simple transfer of ownership. It changes the motives and goals of social institutions from public purpose to the pursuit of private profits. Public education produces a social flattening through an equivalence in shared understanding and experience. Public healthcare produces a social flattening through an equivalence in vitality and longevity. Privatization not only destroys this social equivalence, it does so for individual advantage.

While the examples are myriad: militarism as a business plan; mass incarceration as internal exile; the re-conception of the state as adjunct to corporate power; and the abandonment of the public realm as reflected in the inability to address the Covid-19 pandemic; the most conceptually straightforward example is environmental decline. The pursuit of individual gain through the abstracting mechanism of capitalist production is leading humans toward extinction. The question of what people are willing to give up to prevent this outcome proceeds from the conception of people, of community, as the aggregation of individuals.

Environmental decline is a threat to the everyone. If people conceived of themselves as members of this community, rather than as self-interested individuals, then ending environmental decline might take precedence over individual self-realization. Before dismissing this formulation as utopian, we, the people, do constitute the community that is threatened by environmental decline. The social tension here isn't between individual and group interests. It is between people who understand themselves to be members of a community and those who don't. While granting differences by class on the road to environmental Armageddon, 'we' are the community that will be annihilated. In this sense individualism is the ultimate authoritarian conceit.

Anarchism and libertarianism both have bases in the individualist (Cartesian) social philosophy of liberalism. As 'isms,' group social philosophies, they both face the paradox of denoting wider social belongingness, of being *group* social philosophies. The question that follows these premises is ultimately authoritarian: what organization of society best facilitates individual self-realization? Why is this authoritarian? Because communities existed prior to, and today stand outside of, the realm of the question. The individualist conception of what it means to be human is the result of one of many available ontologies. Through the imposition of neoliberalism, ties to fascism begin to come into focus.

'Chicago Boy,' University of Chicago economist, co-founder of neoliberalism, and [part-time fascist](#) Milton Friedman wrote [Capitalism and Freedom](#) and [Free to Choose](#) as paeons to the wellspring of human being in capitalist choice. Robert Paul Wolff worked through the political logic that emerges from individualist premises in his brilliant 1970 book [In Defense of Anarchism](#). If you buy the ontology—the premises, the logic works. That Milton Friedman helped oust the democratically elected President of Chile, Salvador Allende, to replace him with a murderous, fascist, Augusto Pinochet, in order to force 'free markets' onto the people of Chile, suggests that there might be more to individual self-realization than meets the eye.

But 'we' don't have to look back to Chile in 1973 to understand the subtext of capitalism in state-based political and economic repression. The IMF was used for decades to force structural reforms—to force neoliberalism, onto nations and peoples who faced the choice of accepting the reforms and starving. George H.W. Bush couldn't get NAFTA past Congress, so [Wall Street got Bill Clinton to do so](#). Question: why would a political program—

neoliberalism, conceived to bend foreign polities to the will of political and business leaders in the U.S., be used against the American people?

In fact, the Washington Consensus— neoliberalism, has been the governing ideology in the U.S. since the early 1970s. Through Jimmy Carter’s appointment of Paul Volcker to head the Federal Reserve and Bill Clinton’s appointment of Robert Rubin as Treasury Secretary, liberals have been the Consensus formalists while conservatives see it as a way to screw poor people. Given that, as Joseph Stiglitz accurately reported ([link above](#)), the IMF’s structural adjustment programs really, really, really screwed poor people, the difference between being a Consensus formalist and wanting to screw poor people is less than what might be imagined. The build-out of neoliberalism has been as much a function of Gramscian social logic as it is a [plan for social control](#) put together by oligarchs and government officials in smoke-filled rooms. Question: why do so-called free markets need to be imposed? If the individualist ontology that supports capitalism is true, in the sense of being always and everywhere descriptively accurate, then what theory of history would have produced circumstances other than the neoliberal social order? In fact, the developers of neoliberalism [understood](#) that it had to be imposed if neoliberal political economy was to be realized.

Milton Friedman was one of the founders of neoliberalism, as were Fredrich Hayek and Karl Popper. To argue that there is a singular view that ties Cartesian ontology to Western individualism, and from it to capitalism conceived broadly, on to neoliberalism, is a simplification which many theorists of neoliberalism would take issue with. I would suggest that they take it up with Milton Friedman, who tied these issues together through his treatises on political economy ([links above](#)), but Friedman is dead. But not without leaving a history.

Friedman reportedly expressed regrets about working with Pinochet to impose neoliberalism on Chile. I can confidently state that he didn’t regret the relationship nearly as much as the thousands of students and Leftists that Pinochet murdered. The question then is how Friedman would have imposed neoliberalism without the aid of a fascist butcher? He could have put it to a vote. But the people of Chile had elected Salvador Allende to take the country in a different direction. So, not only did Friedman et al install a fascist butcher to impose neoliberalism, but they also overturned a free and fair election to oust the democratically elected President of Chile to do so.

Friedman was liberal in the sense of being a believer in, and proponent of, so-called free markets. He believed that markets are to capitalist choice what elections are to political choice. He believed in ‘freedom.’ That he joined with a fascist butcher to oust a democratically elected President to install an economic system that the people of Chile did not want complicates this conception of freedom. Add in American foreign policy and you get something that looks a lot like fascism— just not to the bourgeois Americans who share Friedman’s notion that it is freedom. However, American media notwithstanding, most people aren’t bourgeois Americans.

FEBRUARY 12, 2021

Rob Urie is an artist and political economist. His book [Zen Economics](#) is published by CounterPunch Books.