

A Study Guide for *A Brief History of Neoliberalism*

"Mind," he began again, lifting one arm from the elbow, the palm of the hand outwards, so that, with his legs folded before him, he had the pose of a Buddha preaching in European clothes and without a lotus-flower--"Mind, none of us would feel exactly like this. What saves us is efficiency--the devotion to efficiency. But these chaps were not much account, really. They were no colonists; their administration was merely a squeeze, and nothing more, I suspect. They were conquerors, and for that you want only brute force-- nothing to boast of, when you have it, since your strength is just an accident arising from the weakness of others. They grabbed what they could get for the sake of what was to be got. It was just robbery with violence, aggravated murder on a great scale, and men going at it blind--as is very proper for those who tackle a darkness. The conquest of the earth, which mostly means the taking it away from those who have a different complexion or slightly flatter noses than ourselves, is not a pretty thing when you look into it too much. What redeems it is the idea only. An idea at the back of it; not a sentimental pretence but an idea; and an unselfish belief in the idea--something you can set up, and bow down before, and offer a sacrifice to. . . ."

(Joseph Conrad, *Heart of Darkness*)

The Chicago boys took a lot of heat for agreeing to work for Pinochet. Like most generals who seize power, he initially ran the economy as a centrally directed, military-type system. Only after this approach failed did he, in desperation, turn to the free market policies advocated by the Chicagoans. In retrospect, their willingness to work for a cruel dictator and start a different economic approach was one of the best things that happened to Chile. (Gary S. Becker, Nobel Prize in Economics, [from Hoover Institute](#))

It requires a good deal of "bowing down" to the idea of neoliberalism to "forget" that the those who supported the Little September 11th coup against Allende in Chile were the same ones who promoted the use of Milton Friedman and the Chicago boys in Chile. To rewrite the brutal intertwining of political repression, violence and economics in Chile, as Becker does, to pretend for an instant that they did not come as a package, is to promote a lie. It is to promote an *idealized* form of history in the service of an ideal. That ideal—the one that makes Becker forget torture, terrorism, repression, countless deaths and a U.S.-backed coup against a democratically elected government—can be summed up as neoliberalism. That is not to say that neoliberalism is only about torture (though torture and repression tend to accompany the economic reforms); it is a complex and contradictory set of ideals. In any event, it can be highly profitable to be on the "right" side.

Welcome to the quick guide to David Harvey's *A Brief History of Neoliberalism*.

This is a rather informal piece of work—more note-taking than critique, more overview than review. I say this just so you don't find yourself surprised for whatever reason.

Why the study guide? Well, David Harvey can be difficult, and unless you are familiar with lots of his work or with macro-economic theories of the Left and Right, then you will encounter a rather steep learning curve. Hopefully, my “translation” of some of Harvey's arguments will help you climb that curve. So, students, citizens, humans, here perhaps is your chance to see reality with a new lens. Any lack of clarity is of course my own.

Why *A Brief History* and not *The New Imperialism* or other works by Harvey, well, I'm not sure. Perhaps because this book is easier to start with since it covers history rather than a back and forth between theories. That is not to say that Harvey's work here represents anything less than a critical engagement with the contradictions and failures of neoliberalism (as a utopian theory or as 40 years of government policy), for it is that and more. Rather—and this is probably why it is refreshing—*A Brief History of Neoliberalism* it tells a story, a framing based on theory that allows a better understanding of those who current hold power across the globe, of their philosophical and political goals, their methods and weaknesses.

Why study neoliberalism at all? I'll leave that to you to answer. However, I will note that neoliberalism has informed directly (through specific government incentives and policies) and indirectly (as a very real and widespread *way of seeing the world*) the dominant institutions of our time, from the hegemonic power centers of governments to the tremendously powerful NGOs such as the WTO, to the very framework of the current financial system. (A system, it should be said, that finds itself in chaos as complex financial instruments continue to post losses beyond anything ever seen in history, undermining investor confidence and raising the risk of recession to very high levels, as of early 2008 when I write this.)

Ok, let's go.

David Harvey's *A Brief History of Neoliberalism* makes for compelling reading for those interested in the political economy of the last thirty-odd years. Or should I say thirty *odd* years, for while technology and transportation have surged forward, many of the rights for which workers fought, many of the social protections democracies opted to create, and a host of other hallmarks of democracies in the late sixties have been in retreat: minimum wages that have not kept up with inflation, fewer dollars for health and education, less investment in urban and transport infrastructure.

Of particular interest is not only the historical sweep of the book, or its relative clarity compared to other works by Harvey, but the prism the author gives the reader to understand the present contradictions of globalism comprehensively, from economic, political and, yes, even *moral* points of view.

The book's foundation stands on Harvey's ability to weave the global aspects of international capital into case studies of countries who have tried neoliberalism (voluntarily or not) to varying degrees, from Britain to Chile, Argentina, Mexico, China and, of course, the U.S. From his analyses, Harvey steps naturally and logically out of history and into an investigation of the current state of neoliberalism and its possible futures. As Harvey points out, citing visionary thinking of Polanyi, neoliberalism, in both philosophy and practice, is fraught with contradictions and ambiguities that lend it strength while undermining its central tenets. In a word, there is much to be afraid of, but there is also space for hope.

Freedom

Understanding neoliberalism requires an introduction to the basic tenets of 'freedom' as laid out by the Mont Pèlerin Society shortly after World War II. Led by political philosopher Friederich von Hayek, the society set out to combat what they saw as the primary “dangers” facing the Occident:

The central values of civilization are in danger...even that most precious possession of Western Man, freedom of thought and expression, is threatened by the spread of creeds, which...seek only to establish a position of power in which they can suppress and obliterate all views but their own... The group holds that these developments have been fostered by the growth of a view of history which denies all absolute moral standards and by the grow of theories which question the desirability of the rule of law. It holds further that they have been fostered by a decline of belief in private property and the competitive market; for with the diffused power and initiative associated with these institutions it is difficult to imagine a society in which freedom may be preserved. (Harvey 20)

Thus conceived, freedom is the result of private property and a competitive market. Relying on neoclassical economics and the rational actor, neoliberalism showed a great distrust of certain types of government intervention such as centralized control of the economy as predicated in the Keynesian tradition coming out of the Great Depression and especially in the dirigiste form found in countries like France and Mexico. The founding Neoliberals believed that no government had enough access to economic information to accurately plan an economy and that only the invisible hand of the market could make such decisions.

“The scientific rigor of its neoclassical economics does not,” writes Harvey, “sit well with its political ideas of freedom, nor does its supposed distrust of state power for a strong and if necessary coercive state that will defend the rights of private property, individual liberty and entrepreneurial freedoms” (21). In other words, the neoliberal state may need to be more coercive and provide fewer individual freedoms if it wants to preserve a “free” market. Indeed, the contradictions between personal and entrepreneurial freedom become rapidly apparent as one neoliberal state after another paradoxically increases state power over the individual to ensure freedoms for that other individual, the corporate enterprise. This seems to prove the thinker Polanyi uncannily prescient:

Planning and control are being attacked as a denial of freedom. Free enterprise and private ownership are declared to be essentials of freedom. No society built on other foundations is said to deserve to be called free. The freedom that regulation creates is denounced as unfreedom; the justice, liberty and welfare it offers are described as a camouflage of slavery. (Harvey 37)

Besides these obvious contradictions, neoliberalism is also blind to power within the system. (Perhaps this is intentional.) Because no market is free from the influence of power, there is a tendency in them to move towards monopolistic or oligopolistic forms of enterprise. While there are some exceptions, this has proven true in almost every mature market, whether it is a question of car manufacturers or, in particular and most dangerously, mass media. Mirroring the establishment of giant enterprises is the revival of a self-reinforcing and growing elite using wealth to increase power and vice versa. The result, as Harvey notes, means that the top 358 fortunes of 1996 equaled the combined wealth of the bottom 2.3 billion, that is, the bottom 45% of the world's population (34-35). In other words, neoliberalism has meant a revival of class power, and this too has implications for freedom, since the voices of many poor and middle-class citizens remain unheard or weakened under the strains of the supposedly democratic neoliberal state.

Class Power Reborn

The revival and strengthening of the upper class since Reagan and Thatcher is easily demonstrable by charting the trends of distribution of wealth, the tremendous rise in CEO compensation and the shape and size of tax laws over the last few decades. That rewarding the rich with even more power and wealth through the weakening of financial rules and tax responsibilities has become so commonplace is testament to the influence of neoliberalism on a global scale, but also as way of thinking that has invaded the public's self-image. Harvey thus relates that societies that seem to be acting with neoliberal "common sense" are not always acting for the common good. In fact, privatization on both a grand scale and at the molecular level of "personal responsibility" saps energy from the idea of common and communal good by lending credence to the idea that what is good for the individual must also be good for the community.

By capturing ideals of individual freedom and turning them against the interventionist and regulatory practices of the state, capitalist class interests could hope to protect and even restore their position...But it had to be backed up by a practical strategy that emphasized the liberty of consumer choice, not only with respect to particular products but also with respect to lifestyles, modes of expression, and a wide range of cultural practices. Neoliberalization required both politically and economically the construction of a neoliberal market-based populist culture of differentiated consumerism and individual libertarianism. (42-43)

Of course, this individual libertarianism has created contradictions in neoliberalism itself as the very real breakdown of old social orders has also liberated marginalized groups (Gays and Lesbians for example). Not surprisingly, this has led to the desire of many on the Right to replace newly won personal freedoms with authoritarianism and populist "morality."

"Left movements," he writes, "failed to recognize or confront, let alone transcend, the inherent tension between the quest for individual freedoms and social justice" (43). On the right, however, there was both a conscious and subconscious awareness that, in the 1970's, the tectonic cultural shifts from the left and the rising power of the finance economy begun under Nixon could be absorbed through the prism of neoliberal philosophy and economics. Neoliberals saw in the Left's "prescriptivism," an opportunity to gain influence by promising liberation. They thus set out to take advantage of this situation through long-term planning and concerted effort. Harvey cites the growth and influence of organizations such as the Chamber of Commerce, National Bureau of Economic Research and many other think tanks that quickly began to gain influence in Washington, in universities and in the press. Quoting Blyth, Harvey determines that by the end of the decade, "[b]usiness was learning to spend as a class" (44).

The multiple economic crises of the 1970's were, in fact, the result of capitalism and the funneling of a huge amount of dollars into U.S. markets from Saudi Arabia following the oil crisis, but this became hidden behind the confluence of money and the allure of individualism preached by neoliberal institutions and politicians such as Reagan and Thatcher. And, as stated above, the Left should be blamed for failing to counter-argue the neoliberal narrative and demonstrate the repercussions of the rise of a new class of wealthy elite. Harvey points out as well the flexibility of neoliberalism to insert itself into divergent political economic systems such as Britain and the U.S. Notions of class have always been fluid in the U.S., but in Britain they have long been associated with the aristocracy and aristocratic institutions. Thatcher's neoliberalism thus represented not a restoration of the old aristocracy, but the creation of a new one, of the London City-based financier, and in that sense did indeed liberalize England (if not Great Britain).

Neoliberal's First Examples

Harvey points often to the case of Chile, where the “little September 11th” of 1973 brought Pinochet to power, and right along side of him were a group of neoliberal economists trained mostly at the University of Chicago under the tutelage of Milton Friedman. There is much to be said about that regime and the brutal repression it used to implement the supposed “freedoms” of neoliberalism, but Harvey comes back time and again to the example of New York City. The reason he does, I think, is because what was of particular interest initially to the Neoliberals—even more than bringing about regime change in places like Chile—was implementing change at home. The financial troubles of New York City in the 70s, became this opportunity for transformation while also becoming a model for neoliberal conquest within U.S. borders.

New York City, like many major cities, was undergoing hard times during the 1970s. Suffering from an exodus of the middle class to the suburbs and from deindustrialization, the city had a diminishing and shifting financial base. Compounding this, the Nixon administration declared, in spite of evidence to the contrary, that “urban crises” were over in America and subsequently cut funding. The post-oil-embargo recession thus gathered steam and New Yorkers, used to some of the most progressive spending in the country, were literally left out in the cold. The situation only got worse as the years passed. The financial elite of the New York, primarily Walter Wriston of Citibank, led the way in putting the city on the spot by refusing to allow city loans to roll over to the next year. New York was faced with either bankruptcy or tremendous budget cuts. “The bail-out that followed entailed the construction of new institutions that took over management of the city budget,” Harvey writes. He pursues this line of thought:

They had first claim on the city tax revenue in order to first pay of bondholders...the effect was to curb the aspirations of the city's powerful municipal unions, to implement wage freezes...the final indignity was the requirement that municipal unions should invest their pension funds in city bonds. Unions then either moderated their demands or faced the prospect of losing their pension funds through city bankruptcy.

This amounted to a coup by the financial institutions against the democratically elected government of New York City... (45)

Of course, fiscal discipline is important, but forces inside and outside of the city in effect created a situation of bankruptcy where it could have been avoided. Ford's secretary of treasury, a proponent of neoliberal “reforms” in Chile, convinced Ford not to help the city and said that the terms of any bailout should be “...so punitive...that no city, no political subdivision would ever be tempted to go down the same road” (Harvey 46).

The financial leaders of New York, successful in demoralizing and defunding many of the social infrastructures the working class had built over many years, leaned in harder to “create a good business climate. [...] Corporate welfare substituted for people welfare” (Harvey 47). As poorer sections of New York's populace found themselves with a social support network, they turned to underground economies and crime. And, as crack cocaine and AIDS took on increasingly epidemic proportions, whole sections of the population were intentionally stigmatized. “The victims were blamed, and Giuliani was to claim fame by taking revenge [on them]” (Harvey 48).

Harvey summarizes the city's role in becoming an exemplar:

The management of the New York fiscal crisis pioneered the way for neoliberal practices both

domestically under Reagan and internationally through the IMF in the 1980s. It established the principle that in the event of a conflict between the integrity of the financial institutions and the bondholders returns, on the one hand, and the well-being of the citizens on the other, the former was to be privileged. It emphasized that the role of government was to create a good business climate rather than look to the needs and the well-being of the population at large. (48)

Creating Consent

Besides bringing a city (or a country) to the brink of bankruptcy as an innovative coercive measure, Reagan used his power to appoint people in key positions that would dismantle government regulations. Over 40% of the Nat. Labor Relations Board's 1970s regulations were overturned in just six months during 1983 (Harvey 52). Conversely, industry was rapidly being relieved of its attachments to the public trust. Labor was also brought under control. The air traffic controller's strike was handled without mercy by the Reagan administration, and no protectors were to be found anywhere in the government thanks to Reagan's appointments. Work that had formerly been unionized labor was transferred to southern states or out of the country. Here again, neoliberal policy and philosophy had appeal that the Left at the time could not match:

The unions' rigid rules and bureaucratic structures made them vulnerable to attack. The lack of flexibility was often as much a disadvantage for individual laborers as it was for capital. The virtuous claims for flexible specialization in labour processes and for flexible time arrangements could become part of the neoliberal rhetoric that could be persuasive to individual laborers, particularly those who had been excluded from the monopoly benefits that strong unionization sometimes conferred. Greater freedom and liberty of action in the labour market could be touted as a virtue for labour and capital alike [and easily became] the 'common sense' of much of the workforce (53)

While this process—that has indeed caused our notions of 'common sense' to trump our notions of common good—happened more easily in the already highly individualistic U.S., Thatcher faced much greater resistance to her policies in Britain, especially from cities such as Liverpool, and thus had to take more extreme measures to counter them: jailing council members, abolishing councils, etc. Her poll tax ultimately failed though it remains a symbolic piece of neoliberal distrust of popular democracy. Both Reagan and Thatcher also turned to populism and nationalism to motivate their publics even though those represent in many ways the antithesis of neoliberal ideas and the goals of global capital.

The Neoliberal State

Though, as Harvey correctly asserts, the real implementations of neoliberalism almost always diverge from theory and though it thrives because of some of its contradictory practices, there are some easily definable features of neoliberalism that allow for a general understanding of the neoliberal state.

Neoliberals are particularly assiduous in seeking the privatization of assets. The absence of clear private property rights...is seen as one of the greatest of all institutional barriers to economic development and the improvement of human welfare. Enclosure and the assignment of private property rights is considered the best way to protect against the so-called 'tragedy of the commons' (the tendency for individuals to irresponsibly super-exploit common property) [...] Sectors formerly run by the state must be turned over to the private sphere and deregulated. [...] Privatization and deregulation combined with competition, it is claimed, eliminate bureaucratic red tape, increase efficiency and productivity, improve quality, and reduce costs, both directly to the consumer through cheaper commodities and services and indirectly through

reduction of the tax burden [...] While personal and individual freedom in the marketplace is guaranteed, each individual is held responsible and accountable for his or her own actions or well-being. This principle extends into the realms of welfare, education, health care, and even pensions. (Harvey 65)

In practice, of course, the neoliberal state is more complicated and more contradictory. What can be said, though, is that the above represents the strongest and most central tendencies of neoliberal regimes. It can also be noted that neoliberal states tend to prefer rule by elites and distrust popular democracy, hence, these states often bureaucratize governments in specific ways in order to reinforce their outlook while they opt to use legal decisions and methods to achieve their goals, as this allows them to bypass legislatures and elections. Courts and key departments of government thus become firewalls to popular democratic action because access to courts is limited largely by financial barriers and the selective appointments of key positions within the judiciary. The sway of the Federalist society in the U.S. provides numerous examples of this, as does the packing of certain federal district courts to contain pro-corporate lawyers willing to put the rights of the corporate “individual” over those of common people.

Harvey underlines some of the main grey areas of neoliberal practice as well: competition almost inevitably leads to monopoly and therefore requires state intervention. Electricity, water, gas, rail and other infrastructures work better when they are monopolistic and regulated. Indeed, deregulation can have disastrous consequences (California power crisis in 2002, British rail). Another major contradiction is market failure. This arises when markets themselves are imperfect, as is the case where pollution is not calculated as a cost and corporations can therefore externalize their responsibilities and charges. It is also assumed that all players in a market have access to the same information, allowing them to make the best decisions and therefore allow society to reap the benefits of the wisdom of the marketplace. There are, however, great asymmetries among even large corporations, which then lead to even greater inequalities. Intellectual property rights and “rent-taking” enforcement of these “rights” also leads to monopolistic power and a subversion of the marketplace of ideas. “The neoliberal assumption of perfect information and a level playing field for competition appears as either innocently utopian or a deliberate obfuscation of processes that will lead to the concentration of wealth and, therefore, the restoration of class power” (Harvey 68).

The neoliberal state also harbors some fundamentally antithetical political practices:

A contradiction arises between a seductive but alienating possessive individualism on the one hand and the desire for a meaningful collective life on the other. While individuals are free to choose, they are not supposed to choose to construct strong collective institutions (such as trade unions) as opposed to weak voluntary associations (like charitable organizations). They most certainly should not choose to associate to create political parties with the aim of forcing the state to intervene in or eliminate the market., [...] Faced with social movements that seek collective interventions, therefore, the neoliberal state is itself forced to intervene, sometimes repressively, thus denying the very freedoms it is supposed to uphold. (Harvey 69)

Harvey then goes on to list a series of major contradictory elements inside the neoliberal fold. “All is not well,” he writes, “and it is for this reason that [the neoliberal state] appears to be a transitional or unstable political form”:

1. On the one hand the neoliberal state is expected to take a back seat and simply set the stage for market functions, but on the other it is supposed to be activist in creating a good business

climate and to behave as a competitive entity in global politics. In its latter role it has to work as a collective corporation, and this poses the problem of how to ensure citizen loyalty. Nationalism is an obvious answer, but this is profoundly antagonistic to the neoliberal agenda. This was Margaret Thatcher's dilemma, for it was only through playing the nationalism card in the Falklands/Malvinas war and, even more significantly, in the campaign against economic integration with Europe, that she could win re-election and promote further neoliberal reforms internally. Again and again, be it within the European Union, in Mercosur (where Brazilian and Argentine nationalisms inhibit integration), in NAFTA, or in ASEAN, the nationalism required for the state to function effectively as a corporate and competitive entity in the world market gets in the way of market freedoms more generally.

2. Authoritarianism in market enforcement sits uneasily with ideals of individual freedoms. The more neoliberalism veers towards the former, the harder it becomes to maintain its legitimacy with respect to the latter and the more it has to reveal its anti-democratic colours. This contradiction is paralleled by a growing lack of symmetry in the power relation between corporations and individuals such as you and me. If 'corporate power steals your personal freedom' then the promise of neoliberalism comes to nothing. This applies to individuals in the workplace as well as in the living space. It is one thing to maintain, for example, that my health-care status is my personal choice and responsibility, but quite another when the only way I can satisfy my needs in the market is through paying exorbitant [80 begins] premiums to inefficient, gargantuan, highly bureaucratized but also highly profitable insurance companies. When these companies even have the power to define new categories of illness to match new drugs coming on the market then something is clearly wrong. Under such circumstances, maintaining legitimacy and consent, as we saw in Chapter 2, becomes an even more difficult balancing act that can easily topple over when things start to go wrong.

3. While it may be crucial to preserve the integrity of the financial system, the irresponsible and self-aggrandizing individualism of operators within it produces speculative volatility, financial scandals, and chronic instability. The Wall Street and accounting scandals of recent years have undermined confidence and posed regulatory authorities with serious problems of how and when to intervene, internationally as well as nationally. International free trade requires some global rules of the game, and that calls forth the need for some kind of global governance (for example by the WTO). Deregulation of the financial system facilitates behaviours that call for re-regulation if crisis is to be avoided. 17.

4. While the virtues of competition are placed up front, the reality is the increasing consolidation of oligopolistic, monopoly, and transnational power within a few centralized multinational corporations: the world of soft-drinks competition is reduced to Coca Cola versus Pepsi, the energy industry is reduced to five huge transnational corporations, and a few media magnates control most of the flow of news, much of which then becomes pure propaganda.

5. At the popular level, the drive towards market freedoms and the commodification of everything can all too easily run amok and produce social incoherence. The destruction of forms of social solidarity and even, as Thatcher suggested, of the very idea of society itself, leaves a gaping hole in the social order. It then becomes peculiarly difficult to combat anomie and control the resultant anti-social behaviours such as criminality, pornography, or the virtual enslavement of others. The reduction of 'freedom' to 'freedom of enterprise' unleashes all those 'negative freedoms' that Polanyi saw as inextricably tied in with the [81 begins] positive freedoms. The inevitable response is to reconstruct social solidarities, albeit along different lines-hence the revival of interest in religion and morality, in new forms of associationism (around questions of rights and citizenship, for example) and even the

revival of older political forms (fascism, nationalism, localism, and the like). Neoliberalism in its pure form has always threatened to conjure up its own nemesis in varieties of authoritarian populism and nationalism. As Schwab and Smadja, organizers of the once purely celebratory neoliberal annual jamboree at Davos, warned as early as 1996:

Economic globalization has entered a new phase. A mounting backlash against its effects, especially in the industrial democracies, is threatening a disruptive impact on economic activity and social stability in many countries. The mood in these democracies is one of helplessness and anxiety, which helps explain the rise of a new brand of populist politicians. This can easily turn into revolt. (Harvey 79-81)

One of the most disturbing trends and contradictions of neoliberalism is its turn toward authoritarian morality based on supposed national “values.” This can be seen in the theocratic tendencies in the U.S., in China's emphasis on “personal responsibility,” in Putin's Russia. Nationalism and “national values,” though in direct competition with neoliberalism's globalizing tendencies, often provides governments with tools to appeal to populist sentiment. They use these tools to maintain power and unite their publics, distracting attention away from the very problems caused by neoliberal policy.

The Geographics of Neoliberalism

Harvey's analysis of the variations of neoliberalism across the globe provide fascinating accounts of neoliberalism's successes and failures. While I will not delve into the details of his examples, one of the general trends that he notes is that countries that followed neoliberal “shock therapy,” inevitably encountered tremendous economic road blocks. The shining neoliberal examples of the 1970s—New York, Chile—provided “proof” needed to instigate institutional change in the early 80s. The Wall Street-IMF-Treasury became increasingly univocal and redundant, leading to a self-reinforcing “Washington consensus” (92-93). This was mirrored by the arrival of a monetarist neoliberal cohort in departments of economics all across the U.S., a development not unrelated to the influence of the thinktanks setup by Neoconservatives a decade or so earlier. As Harvey and many others have noted, neoliberalism and neoconservatism simply became common sense.

Harvey's main point is that neoliberalism leads to highly uneven flows of capital and geographical development. This is related to what he says in a recent book, *The New Imperialism*, that the period of 'primitive accumulation' is on-going. (Primitive accumulation refers to the marxian notion of the initial periods of capitalism where monetary power differentials became established. For Harvey, this is not a historical notion, but a dialectical one that is inherent (and therefore ongoing) in all forms of capitalism. Primitive accumulation can be defined simply as “theft,” but with social institutions—The World Bank and IMF for example—providing the means and excuses.)

The examples of neoliberal failure are numerous. Chile's economy, far from self-sustaining, crashed in 1982 as speculative capital dried up. Argentina, which became a destination for “vulture capital,” has likewise suffered one tremendous crisis after another related to neoliberal adjustments through the IMF (an organization they are currently distancing themselves from—successfully for the time being). One of the most interesting readings of recent financial history refers to Asia in 1997-98. Harvey quotes Stiglitz's *Globalization and its discontents*:

As the crisis progressed, unemployment soared, GDP plummeted, banks closed. The unemployment rate was up fourfold in Korea, threefold in Thailand, tenfold in Indonesia. In Indonesia almost 15 percent of males working in 1997 had lost their jobs by August 1998, and the economic devastation was even worse in the urban areas of the main island, Java. In South

Korea, urban poverty almost tripled, with almost a quarter of the population falling into poverty; in Indonesia, poverty doubled... In 1998, GDP in Indonesia fell by 13.1 percent, in Korea by 6.7 percent, and in Thailand, by 10.8 percent. Three years after the crisis, Indonesia's GDP was still below that before the crisis, Thailand's 2.3 per cent lower. (Harvey 96)

Harvey then goes on to narrate the neoliberal approach to these crises:

As Indonesia's GDP fell and unemployment surged, the IMF stepped in to mandate austerity by abolishing subsidies on food and kerosene. The riots that followed 'tore the country's social fabric' apart. The capitalist classes, mainly ethnic Chinese, were widely blamed for the debacle. While the wealthiest Chinese business elite decamped to Singapore, a wave of revenge killings and attacks on property engulfed the rest of the Chinese minority...The standard IMF/US Treasury explanation for the crisis was too much state intervention and corrupt relationships between state and business ('crony capitalism'). Further neoliberalization was the answer. The Treasury and the IMF acted accordingly, with disastrous consequences. The alternative view of the crisis was the impetuous financial deregulation and the failure to construct adequate regulatory controls over unruly and speculative portfolio investments lay at the heart of the problem. The evidence for the latter view is substantial: those countries that had not liberated capital markets—Singapore, Taiwan, and China—were far less affected than those countries, such as Thailand, Indonesia, Malaysia and the Philippines, that had. Furthermore, the one country that ignored the IMF and imposed capital controls—Malaysia—recovered faster. After South Korea likewise rejected IMF advice on industrial and financial restructuring, it also staged a faster recovery. (96-97)

Harvey then goes on to explore the possibly nefarious roles of hedge funds in all of this. Yet the main point in this is that capitalism has had far more trials during the last thirty years than most in the West realize. Japan, partly due to U.S. currency manipulation, has remained in economic doldrums for the last 20 years. While Wall Street and London have profited, important social unrest has made regular appearances in all Western countries, from the Rodney King revolts to the poll-tax riots in Britain. Social programming continues to suffer due to neoliberal choices to divert government funds to the Rich and to the military. (As always, the need to “balance the budget” is quoted when it is time to justify cuts in education and social programs.) Throughout all of Harvey's examples, a central tendency towards social inequality and a revitalization of the class system become apparent. Nowhere is this more true than in the case of China, a country to which Harvey devotes a fascinating chapter. Again, what is apparent in China is what is happening in all countries where neoliberalism has appeared: increasingly large disparities between rich and poor, a tearing down of social fabrics which is often replaced by fundamentalist religion (Falon Gong), and the need for the state to maintain tight oversight and outright oppression of the society in spite of the freedom the opening of markets supposedly entails.

Neoliberalism on Trial

Harvey's critiques of neoliberal policy and practice are both implicit and explicit within his book. However, in a latter chapter, the turns to a more overt form of critique that not only questions some of the dubious pretenses of neoliberalism, but to the very dangerous implications of its consequences—past, present and future:

The two economic engines that have powered the world through the global recession that set in

after 2001 have been the United States and China. The irony is that both have been behaving like Keynesian states in a world supposedly governed by neoliberal rules. The US has resorted to massive deficit-financing of its militarism and its consumerism, while China has debt-financed with non-performing bank loans massive infrastructural and fixed capital investments. True blue neoliberals will doubtless claim that the recession is a sign of insufficient or imperfect neoliberalization, and they could well point to the operations of the IMF and the army of well-paid lobbyists in Washington that regularly pervert the US budgetary process for their special-interest ends as evidence for their case. But their claims are impossible to verify, and, in making them, they merely follow in the footsteps of a long line of eminent economic theorists who argue that all would be well with the world if only everyone behaved according to the precepts of their textbooks.

But there is a more sinister interpretation of this paradox. If we lay aside, as I believe we must, the claim that neoliberalization is merely an example of erroneous theory gone wild (*pace* economist Stiglitz) or a case of senseless pursuit of a false utopia (*pace* conservative political philosopher John Gray), then we are left with a tension between sustaining capitalism, on the one hand, and the restoration/reconstitution of ruling class power on the other. If we are at a point of outright contradiction between these two objectives, then there can be no doubt as to which side the current Bush administration is leaning, given its avid pursuit of tax cuts for the corporations and the rich. Furthermore, a global financial crisis in part provoked by its own reckless economic would permit the US government to finally rid itself of any obligation whatsoever to provide for the welfare of its citizens except for the ratcheting up of that military and police power that might be needed to quell social unrest and compel global discipline. Saner voices within the capitalist class, having listened carefully to the warnings of the likes of Paul Volcker that there is a high probability of a serious financial crisis in the next five years, may prevail. But this will mean rolling back some of the privileges and power that have over the last thirty years been accumulating in the upper echelons of the capitalist class. Previous phases of capitalist history—one thinks of 1873 or the 1920s—when a similarly stark choice arose, do not augur well. The upper classes, insisting on the sacrosanct nature of their property rights, preferred to crash the system rather than surrender any of their privileges and power. In so doing they were not oblivious of their own interest, for if they position themselves aright they can, like good bankruptcy lawyers, profit from a collapse while the rest of us are caught most horribly in the deluge. (Harvey 152-53)

Even a cursory glance at the environmental degradation of the planet, the increasing disparities between Rich and Poor, and the growing unease with the downsides of the economic “freedoms” of neoliberalism, should lead anyone to question whether its benefits outweigh its costs. Harvey clearly wonders whether neoliberalism can provide anything other than short-term financial growth and whether it is sustainable without means of socio-political coercion.

I cannot convince anyone by philosophical argument that the neoliberal regime of rights is unjust. But the objection to this regime of rights is quite simple: to accept it is to accept that we have no alternative except to live under a regime of endless capital accumulation and economic growth no matter what the social, ecological or political consequences. Reciprocally, endless capital accumulation implies that the neoliberal regime of rights must be geographically expanded across the globe by violence (as in Chile and Iraq), by imperialist practices (such as those of the World Trade Organization, the IMF, and the World Bank) or through primitive accumulation (as in China and Russia) if necessary. By hook or by crook, the inalienable rights of private property and the profit rate will be universally established. This is precisely what

Bush means when he says the US dedicates itself to extend the sphere of freedom across the globe.

But these are not the only inalienable rights available to us....there are also entirely different rights to which we may appeal—of access to the global commons or to basic food security, for example. 'Between equal rights, force decides.' Political struggles over the proper conception of rights, and even of freedom itself, move center stage in the search for alternatives. (Harvey 181-182)

There is much more to Harvey's book than I have outlined and quoted above.