

no. 51 | january 2009

development dialogue

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Printers

Mediaprint
Uddevalla, Sweden,
January 2009

ISSN 0345-2328

ISBN 978-91-85214-52-5

Subscribers are kindly requested to inform the Dag Hammarskjöld Centre of any changes of address or subscription cancellations.

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Development Dialogue is a forum provided by the Dag Hammarskjöld Foundation since 1972 for critical discussions of international development priorities and challenges. Its main focus is on North-South relations and alternative perspectives to dominant paradigms. *Development Dialogue* is published in consecutive numbers on average once or twice a year.

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Acknowledgements

We would like to thank all the contributors for their willingness to participate actively in this – with regard to the authors’ provenance – truly international(ist) project. We are happy and proud to have such a broad range of critical thinkers represented in this volume of *Development Dialogue*. Special thanks go to the Dag-Hammarskjöld Foundation in Uppsala and here to Henning Melber and Mattias Lason who supported this project from the very beginning. We are also indebted to Stefan Armbrorst, Wendy Davies, Alison Entrekin, Marisa García Mareco and Peter Thomas for the translation of several texts from German, Spanish and Portuguese into English. The translations were made possible financially by the Rosa Luxemburg Foundation (Germany/Berlin). Last but not least, we are deeply grateful to Wendy Davies who edited the texts under enormous time pressure but in an excellent way and gave this issue its final form. Thank you very much.

We hope that this volume will contribute to and further inspire an important debate on alternative ways of organising society and concrete possibilities of achieving this.

Vienna, December 2008

Ulrich Brand and Nicola Sekler

Preface

The Dag Hammarskjöld Foundation has a long tradition of engagement related to global governance issues. It has therefore also actively participated in World Social Forum (WSF) events ever since these began. As a result of its presence at the WSF in January 2007 in Nairobi, the Foundation published its *Development Dialogue* no. 49 in November 2007 on *Global civil society – More or less democracy?* The volume gathered a variety of approaches, voices and views within the wide panorama of actors related to the WSF. Some of the contributions were originally presented and discussed at a panel in Nairobi.

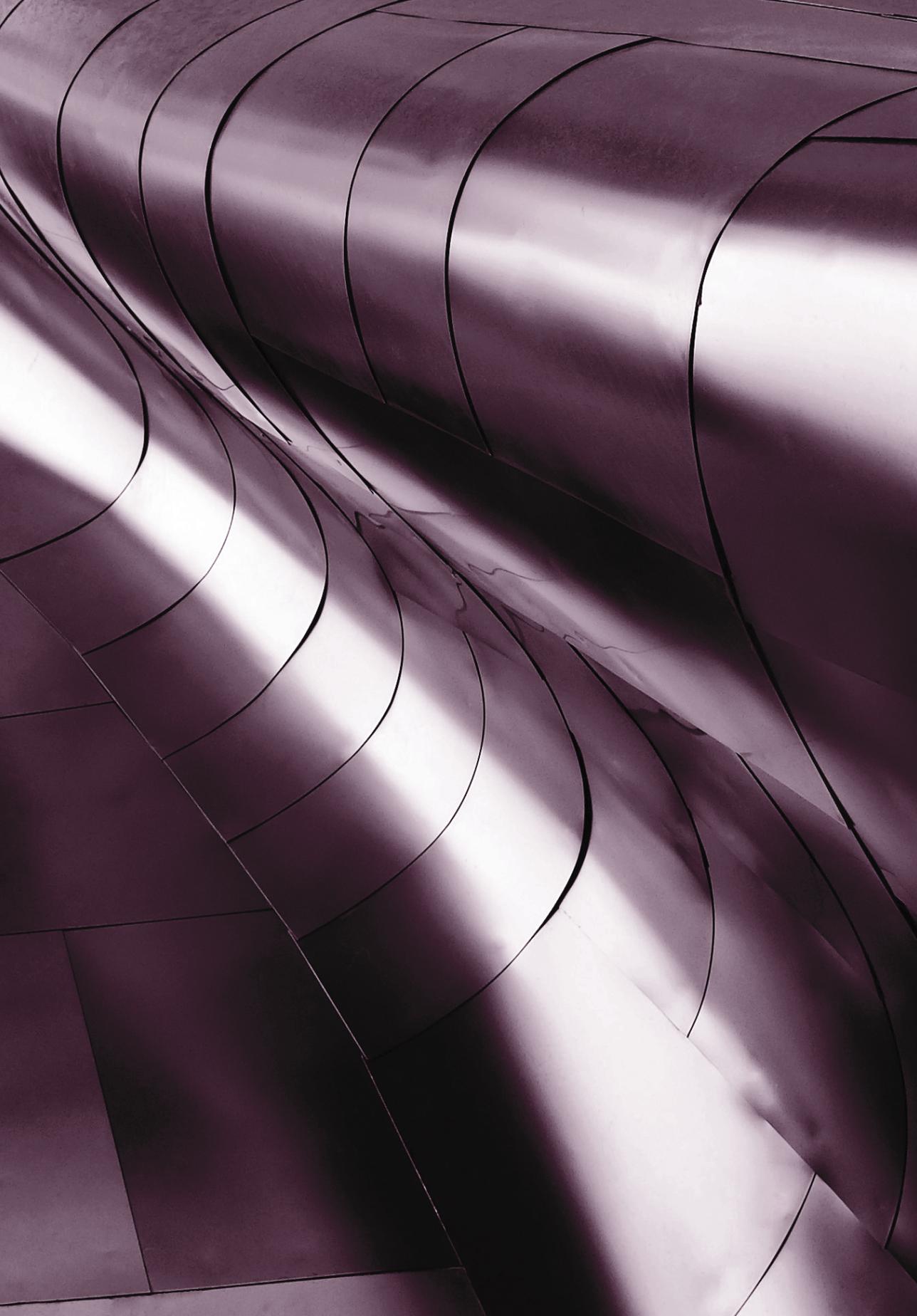
The current volume is further evidence of the Foundation's interaction with scholars and activists who are pursuing an analytically based advocacy role for and within social movements dealing with governance issues. It is produced in time for the WSF in Belém in January 2009 and is presented there at a panel organised by the guest editors. It brings together a range of views from different regions in the world, from thinkers engaged in critical assessments of neoliberal policies, their failures and resulting perspectives.

These analyses seek ways extricating ourselves from the current developmental impasse, and explore the scope of postneoliberal governance. Their authors share the view of so many others engaged in the WSF movement that another world is possible. Supporting such a vision, the Dag Hammarskjöld Foundation will continue to seek opportunities to create a space where a variety of stakeholders with different views can meet and discuss. This will include initiatives to facilitate interaction, exchange and dialogue not only among the like-minded but also across the political-ideological spectrum of an alter-global movement.

The Foundation would like to thank the two guest editors and all the contributors for the time and work invested in this result. We trust that it will be welcomed as an attempt to encourage reflection both in seeking to come to terms with existing social realities and in the search for a better future – if not for all, then at least for the majority of people living on this planet.

Uppsala, December 2008

Henning Melber



Postneoliberalism: catch-all word or valuable analytical and political concept? – Aims of a beginning debate

Ulrich Brand and Nicola Sekler

At first glance the globalisation of the real estate, banking and financial crisis which started in the United States has led to a questioning of the ideology of 'neoliberalism' and at least given the word 'neoliberalism' negative connotations. Whether new political and economic policies will emerge from this crisis, and what forms they may take, are among the most important political and social questions of our times. In the last months of 2008, in relation to the visible crisis, many were swift to proclaim 'the end of neoliberalism'. In this regard we could not have chosen a better moment, with this already planned special issue of *Development Dialogue*, to probe what lies beyond neoliberalism – or what 'postneoliberalism' might consist of. We explore a number of questions. How do we understand the actual constellation and dynamics? How is the financial crisis articulated analytically and politically with other crises, and what are political consequences for emancipatory politics? What are the continuities and discontinuities with respect to the specific neoliberal context in quite different circumstances, in countries such as China, Thailand, Brazil, Argentina, South Africa, Germany or Canada? And with respect to issue areas like the financial crisis itself, the environmental crisis, the organising of wage earners, feminist demands or occupied factories?

The starting point of postneoliberal reflections represents the actual social, political and economic constellation. Over the last 30 years, neoliberal policies have been implemented in almost every society on the globe. This took place in different forms – under conditions of military dictatorship as in Chile, imposed as so-called structural adjustment in line with the Washington Consensus, articulated with conservative policies as in the US and UK, implemented in post-socialist countries in Eastern Europe or in more social-democratic ways as in Germany or the Scandinavian societies – resulting in fairly specific 'neoliberal' configurations.

Dealing with ‘neoliberalism’ requires differentiating between at least two dimensions – an analytical and a political one. Despite all the differences, *analytically* we can distinguish between, firstly, considering neoliberalism as a theory and an intellectual movement (Friedrich Hayek, Milton Friedman, the Mont Pelèrin Society, the dominance of neoclassical thinking in universities and beyond) and, secondly, focusing on neoliberalism as a broad strategy on the part of economic, political and cultural (and sometimes military) elites to destroy the (peripheral) Fordist compromises and to restructure power relations, institutions, overall orientations and truths, in particular societies and at the international level, even more towards capitalist interests. A third analytical perspective is to view neoliberalism as a social practice, implying the assumption that theoretical considerations and strategies to implement theory are not always and everywhere comprehensively successful and functional as such. Accordingly, the contradictory and conflictive aspects of (neoliberal) social practices in a global perspective – global North and South, East and West – and within societies are examined.

It is precisely this third analytical perspective that leads us to the *political* dimension of ‘neoliberalism’ – that is, concrete neoliberal policies, practices and political discourses representing the compromises arising from the struggles of different social forces. In times of crises, neoliberal politics and these compromises come under pressure. De-legitimation of neoliberalism takes place not only via visible crisis – like the ecological and the financial one – or by means of the enormous social polarisation in many countries but in addition through the continuing conceptual and practical criticism undertaken by intellectuals, scientists and critical media, social movements and NGOs.

This is the starting point for our considerations of the term *postneoliberalism*, the intention being to discuss different responses to the (negative) impacts of neoliberalism and its growing inability to deal with the upcoming contradictions and crises. Thus the focus is not on the question of whether a new, postneoliberal era in general has begun and what might be the criteria supporting or contesting such an assessment. Rather, we propose to consider postneoliberalism as a perspective on social, political and/or economic transformations, on shifting terrains of social struggles and compromises, taking place on different scales, in various contexts and by different actors. All postneoliberal approaches have in common that they break with some specific aspect of ‘neoliberalism’ and embrace different aspects of a possible postneoliberalism, but these approaches vary in depth, complexity and scope, as well as everyday practices and comprehensive concepts.

With the help of the term postneoliberalism we aim to create a space for shared reflection on questions like: Where are the stabilities of neoliberal configurations? Where does active consent or at least passive consent to neoliberal politics and practices remain, when there are no viable alternatives or alternatives have been silenced? How, and in what historical, political, cultural, social, economic contexts, have postneoliberal practices, strategies and concepts emerged? What are their main objectives and how do they try to achieve them? What are the main obstacles, limitations and contradictions they have to deal with? Which aspects are questioned and tend to be addressed in a ‘postneoliberal’ manner? What tends still to be ‘neoliberal’ or un-questioned and why?

Accounting for these manifold facets allows us to overcome some important shortcomings of current discussions, as the example of the role of the state might show. Many of the contributions to actual debates highlight that confidence in ‘self-regulating market forces’ has disappeared and therefore that reregulation by the state is necessary. Here there is a risk of confusing neoliberalism with the market and of constructing a dichotomy of ‘the market’ versus ‘the state’. In fact, starting from an understanding of the state as a condensation of social relations, neoliberalism can be seen as a specific form of state intervention into societal, economic and other relations. The specific neoliberal characteristic of the state is that it became more repressive in social, labour market and military policies, and less interventionist in the movement of different forms of capital.

In this volume we bring together very different approaches to the actual constellation – often in a historical perspective – which gives a broad and complex picture. There are general reflections on the crisis of neoliberalism and possible ways out (Michael Brie and Alex Demirovic), while some contributions focus on different policy and conflict fields such as the regulation of financial markets (Elmar Altvater), development policies (Kurt Bayer) or environmental politics (Ulrich Brand). From an emancipatory perspective it is important to note that although the struggles ‘against neoliberalism’ represent a common starting point or framework, the specific conditions of struggle – in other words the specific neoliberal context or perception of neoliberalism – vary. In this volume, the examples of feminist struggles against the erosion of biodiversity or the ambiguities of a state-led sufficiency economy (Christa Wichterich; Alec Bumford and Chanida Chanyapate) show this clearly. Some postneoliberal struggles and approaches start as radically anti-capitalist (Verónica Gago and Diego Sztulwark) or with the aim of reforming capitalism (Kurt Bayer), they may focus on single is-

sues, or involve various fields, or operate through parties, grassroots movements or alternative thinktanks (Ngai-Ling Sum, Patrick Bond). As Ana Esther Ceceña and Nicola Sekler argue, the plurality of approaches, movements for change and alternative practices is crucial if we want to envision emancipatory forms of societalisation on a global scale. Or, as the Mexican Zapatistas propose, we need a *‘world in which many worlds fit’*. This might lead to other problems, such as a weakness in their capacity to change dominant power relations and orientations (Emir Sader and Greg Albo), but in principle this is a major advance.

Below we give a brief sketch of the argument of the particular authors.

The crisis of 19th century liberalism led in some countries to fascism. Referring to Hannah Arendt’s analysis of national socialism as a normalised everyday system *Michael Brie* argues that, by recombining formerly existing elements, there are different ways out of the manifold crises of neoliberalism. He outlines five crises of neoliberalism – relating to (overaccumulation, ecological reproduction, social integration, the political system, and increasing violence – out of which four scenarios of very different postneoliberal alternatives can be condensed: an even more deregulated capitalism, a conservative–authoritarian as well as a social democratic version of finance–led capitalism, and the emergence of a mode of development based on solidarity. From an emancipatory perspective the last scenario is the most desirable one; it includes new forms of property and organisation of the economy, a new way of living and participatory democracy.

At the centre of *Ana Esther Ceceña’s* analysis is the concept of bifurcations. She argues that the concept of postneoliberalism can be grasped most of all as a general naming of a dramatically changing constellation and that it needs to be clarified whether it is a capitalist and domination–driven way of restructuring or a mode of living which points towards a post–capitalist society. Among others, three processes were crucial during the neoliberal phase: the integration of formerly ‘excluded’ people, the commodification of parts of nature, and the redefinition and valorisation of territory and territorial power. According to Ceceña this phase reached crisis point and led to the growth of institutional and discursive practices around ‘national security’ and the militarisation of societal relations: this is the ‘postneoliberalism of capital’. Another version is a ‘national postneoliberalism’ which emerged in various Latin American countries and which places a crucial emphasis on the nationalisation of companies and on new constitutions. A third postneoliberalism emphasises much more the creation of common spaces from below, the transformation of everyday relations into more emancipatory ones, and self-determination.

Alex Demirovic outlines central elements of neoliberalism in OECD countries and claims that neoliberalism was never an enhancement of the market at the cost of the state but involved a shifting of market and state logics and of the relationships of forces – that is, paradigms of accumulation, domination and everyday life. Referring to Germany, he shows that social domination became domination by and through contingency. Neoliberalism understood as a politics of destruction (through liberalisation, deregulation and privatisation) turned into a crisis before 2008 and remains such. In the current situation mainly neoliberal policies are being implemented to deal with the crisis, re-arranging the relationship between financial and industrial capital.

Theoretical concepts might help to clarify the complexity of the current crisis, its recent history and its dynamics. *Nicola Sekler* introduces Antonio Gramsci's concept of hegemony, that is a consensus-based form of social domination, and complements it with the concept of counter-hegemony. Postneoliberalism as a counter-hegemonic perspective means considering that different impacts of neoliberalism and 'neoliberalised' social contexts create – from the point of view of actors – a starting point for various *postneoliberal* approaches. By discussing the examples of Piquetero organisations and recovered enterprises she shows how this perspective raises our awareness of continuities and discontinuities with respect to the existing neoliberal context. Because of the unifying momentum of 'postneoliberalism', and in order to acknowledge the plurality of postneoliberal approaches, she argues that the term is not useful for orientating emancipatory struggles politically.

The current banking and financial crisis, *Elmar Altvater* argues, has its historical origins in the 1970s when the former Bretton Woods system collapsed and the liberalisation of financial markets became the crucial lever for restructuring capitalism. Monetarism was the hegemonic ideology of the 'neoliberal counter-revolution' and had severe negative repercussions all over the world. This is shown with respect to many aspects, especially in the way that the dominance of financial markets relates to the ecological crisis. Altvater argues that neoliberalism came to an end in August 2008 because the crisis now is much deeper than the previous ones. Nevertheless, postneoliberal strategies can still lead to a restructuring of capitalism and the horizon of a post-capitalist world has therefore to be opened up by social movements.

Recent changes in development policy are the topic of *Kurt Bayler's* contribution. He argues that the Washington Consensus is under pressure because its policies evidently cause more problems than they solve. Successful economic development in countries like China took place because neoliberal policies were *not* implemented and

‘shock therapies’ were avoided. Bayer argues that in recent years it has become quite clear that political institutions (as well as a functioning infrastructure) matter for stable economic growth. Open financial markets have proved ineffective and the actual financial crisis has led to massive refinancing problems for many countries in the global South. As a consequence the International Financial Institutions and the governments of powerful states are changing their strategies, resulting in a new pragmatic approach of development.

The field of environmental politics is paradigmatic for a shift towards postneoliberalism. *Ulrich Brand* argues that in recent years it has become obvious that the neoliberal or post-Fordist forms of the appropriation of nature have not been successful but have led to a deepening of the ecological crisis. There are different ways of dealing with the crisis of societal relationships with nature and the failed attempts of the management of global resources and problems (the ‘Rio type of politics’): a business-as-usual version, an openly coercive variant of postneoliberal strategies with regard to the societal appropriation of nature, and a version linked to the emergence of developmentalist and state-led strategies in some countries. A fourth type points to emancipatory forms of societal relationships with nature. Different elements of this version, strategies to realise it and problems to be tackled are all sketched out.

Gregory Albo focuses on the historical and actual situation of the union movement. Its weakening was a centre-piece of neoliberalism, widely promoted by capital and the state, and brought the movement an organisational, economic and political impasse. Although in 2008 the economic situation in most countries started to worsen and the ideological crisis of neoliberalism has become obvious, there are strong neoliberal continuities: the state is still heavily oriented towards neoliberal policies and the societal relationships of forces is not shifting in favour of progressive actors. Albo outlines four major challenges the union movement and describes new approaches in relation to labour demands like the ‘living wage’ or the strengthening of the public sector, alliances between the global justice and the labour movements, and organisational changes of the unions themselves towards a social justice unionism. He argues that the labour movement can only be strengthened when it becomes part of a wider reconstitution of the left.

Feminist perspectives on neoliberalism highlight aspects which are often forgotten, that is especially care work and subsistence economies (private households, unpaid labour and nature) which are the necessary precondition for the functioning of the capitalist economy. *Christa Wichterich* shows that the crisis of neoliberalism is most of all a crisis of

social reproduction. Describing the practices of women peasants with respect to the maintenance of biodiversity and local knowledge, she shows how, as a result of neoliberal policies, these practices are even more undermined by industrial agriculture and the commodification of nature. Global environmental governance through, for example, the UN Convention on Biological Diversity, is fostering these processes. Alternatives come from below, like the seed movements in India and South Africa, and through transnational networks.

After the severe crisis in 1997, the king of Thailand proposed an alternative, non-neoliberal development path under the heading of a ‘Sufficiency Economy’, receiving strong international endorsement. This now well-known concept is critically evaluated by *Chanida Chanyapate* and *Alec Bamford*. They show in detail the core issues involved in it and argue that in practice the Sufficiency Economy is no alternative to free-market capitalism and neoliberal globalisation, but its optimisation. The rules of the game, as well as the export orientation of the economy and especially of agriculture, remain uncontested. However, community-based alternatives raise very different issues under this heading and propose radical changes so as to promote the development of people through a sufficiency economy. ‘from below’.

The rapid changes taking place in China are creating new dynamics worldwide. *Ngai-Ling Sum* shows how world market integration takes place through the creation of local neoliberal competitiveness and related discourses. Those internationally developed discourses are transferred to the ‘economic powerhouse’ of southern China (Hong Kong/Pearl River Delta). However, as Sum shows, ‘Wal-Martisation’ is contested by a ‘new left’, and well-organised resistance is taking place. These processes from below articulate in contradictory ways with the official state strategy of ‘socialism with Chinese characteristics’. Indeed, since 2008 the Chinese government has more actively promoted a social agenda under the heading of a ‘harmonious society’, which might according to Sum resonate with strategies in Venezuela.

Emir Sader shows that it is not by chance that Latin America is neoliberalism’s weakestlink, because the system was imposed there quite early, radically and brutally. With the rebellion in Chiapas (Mexico) and the election of Hugo Chavez in Venezuela in 1999, a new period of contestation and resistance to neoliberalism began. Postneoliberalism indicates the inability of neoliberal capitalism – with the dominance of financial capital – and its related social forces to create the conditions for sustained growth. Sader argues that an emancipatory postneoliberal project has four core issues to be dealt with: opposition to deregulation, opposition to financialisation, opposition to the

weakening of labour relations and opposition to ‘free trade’. The major challenge today is to reconstruct an anti-capitalist left under conditions where many oppositional forces, including the labour movement, have been integrated into capitalist social relations.

Taking up recent experiences in Argentina, *Verónica Gago* and *Diego Sztulwark* ask whether we can understand the situation in this country under the heading of postneoliberalism. They show that the radically emancipatory experiences following the 2001 crisis have been marginalised. A crucial element of the restoration of the country was the fear that neoliberalism could return. Neodevelopmentalism and a new governmentality arose and caused an impasse: the blocking of the most innovative dynamics of the last decade. The demands of the movements that emerged after 2001 have been weakened, but at the same time state policies to deal with the crisis are ineffective. Gago and Sztulwark show that the actual anti-imperialist rhetoric of some Latin American governments, with its focus on national development, is closing spaces for alternatives rather than opening them up. The possibilities of a new and collective protagonism of emancipatory forces are outlined.

That neoliberalism has not come to its end, because the dominant institutional framework is still largely neoliberal, becomes particularly clear – so the central argument of *Patrick Bond* goes – when experiences in African societies are taken into account. Policies to deal with the financial crisis are as neoliberal as the system of international political institutions that hinders particular national approaches to deal with problems. Moreover, the next US administration under president-elect Barack Obama is seen critically because it is probably going to re-legitimise neoliberal and imperial politics. Alternatives have to be developed from below through, among other things, a reorganisation of the financial system, a decommodification of social relations and the creation of a space for specific development strategies. One precondition for Bond is the further delegitimation of US political and military strategies, designed by ‘Obama’s neoliberals’.

The term postneoliberalism is intentionally used in a vague way. We are aware of this relative nebulosity, the range of meanings that the term could have and the tension between an emancipatory content/interpretation on the one hand and a dominant or even a reactionary one on the other hand. The latter possibility has become clear recently, in that elites have started referring to ‘neoliberalism’ as a code for all the errors that have occurred and need to be solved, but without questioning the existing power relations and general orientations towards the unquestioned role of capital, competitiveness and econom-

ic efficiency. Concerning the latter, we have to acknowledge that in most places the societal relations of forces are not noticeably shifting to the left. On the contrary, in Western Europe the criticism of neoliberalism is mainly coming from the extreme right, which promotes a racist economic nationalism without questioning hierarchical class and gender relations and the imperial structure of the world market. Moreover, the welcomed victory of Barack Obama in the United States is not an outcome of shifting power relations but – until now – an excellent campaign with a promised alternative to an exhausted conservative, belligerent and anti-popular project (cf. Bond, this volume), which shows us that it is worth taking a closer view of social and power relations and how they really change.

As we have already stated, the analytical-strategic point of the debate is to highlight from different perspectives the problem of neoliberal politics so as to deal with the contradictions and crises arising from it. We do not assume that this is – in any way – a first step. As we see in this volume and so many other publications and experiences, there are many existing alternatives which are indeed anti-neoliberal. However, we are convinced that we can contribute to a shared process of reflection on these alternative practices and strategies by highlighting the diversity of societal contexts, meanings of crises and possible solutions, as well as the strategies of different actors.

WAY OUT

STOP

PUSH → ● ← PUS

STOP

PUSH → ● ← PUSH

Ways out of the crisis of neoliberalism

Michael Brie

'Crisis is a productive condition. One must only take away from it the aftertaste of catastrophe.'

Max Frisch

A historical experience: the crisis of liberalism and fascism

The Soviet troops were just liberating the last survivors of the concentration camp in Auschwitz in January 1945 and the American-led troops in the West were fighting the Ardennes Offensive of Hitler's *Wehrmacht*. The war was coming back to Germany, its point of departure. Precisely at this point, the 38-year-old Hannah Arendt, Jewish refugee in the USA, sketched out a book entitled 'Elements of Shame: Anti-Semitism, Imperialism, Racism', or even 'The Three Pillars of Hell'. Later, during the Cold War, it was appropriated in an anticommunist fashion under the title *The Origins of Totalitarianism*.¹ What, however, was the real concern of this famous and almost always misread book?

Hannah Arendt was a stateless displaced German Jewess, robbed of any protection, threatened with death by gassing if Hitler's murderers had been able to get hold of her. She was a witness of a war that cost over 50 million humans their lives. And like her contemporaries, if she didn't hold 'evil', 'capitalism', 'the Germans', 'anti-Communism' responsible, she was confronted with a puzzle: how could the 'thin and ephemeral veil' (Adorno 2006: 113) of civilisation so often, so brutally, so limitlessly be blown apart in the first half of the 20th century? How could the commandment 'thou shalt not kill!' be turned with so little effort and on a massive scale into 'you should kill!'?

When Hannah Arendt later spoke of the 'banality of evil' during her observation of the trial of Adolf Eichmann, the organiser of the Nazi extermination of the Jews, many were hurt – above all, the victims. Didn't the awful 'atrocities...that no penance, no pardon, no atonement of the guilty, that is, nothing human, could ever again make good' (Levi 1992: 156) also need to have a 'great cause'? Hannah Arendt disagreed: 'a World War was needed to get rid of Hitler,

¹ The German title was *Elemente und Ursprünge totaler Herrschaft*.

which was shameful precisely because it was also comic. Contemporary historians, understandably enough, have repeatedly attempted to cover up this element of the bloody fool's game, to erase it, and to give the events a grandeur that they do not have, but which would make them humanly more bearable' (Arendt 1976: 132 [trans. modified]). She ascertained a 'disastrous disparity between cause and effect' (ibid.). One can indeed reconstruct 'which actions [followed on] which actions', and at the same time the quality of the action and its results fundamentally changed if 'normal imperialism' became a system of total domination. It is the discrepancy between the nullity of the causes and the 'radical evil' of a system in which 'all men have... been made equally superfluous' (Arendt 1996: 457). And these causes, so insignificant in themselves, according to Hannah Arendt, are 'to be found everywhere in the contemporary world' (ibid.). Bertolt Brecht will say: 'The womb is fertile still, from which that crawled'.

The epoch-making experience of those who went through the hells of National Socialism and that of their affected contemporaries must be remembered. The bearable normality of the present in which we live, we who write about it differently from many about whom much is written, covers over the abysses that have opened up. The crisis of neoliberalism is no promisingly good news, but rather means immediately the threatening of the normal life of millions of humans. It can be transformed into an opportunity to stop the menacing accumulation of elements of a new catastrophe of global civilisation and thus to make sure that it does not become the origins of an unleashed barbarism. The probability of 21st century barbarism is now much greater than that of a 21st century society based on solidarity.

For Hannah Arendt, it was the crisis of the long century between 1789 and 1914 in which liberalism rose to hegemony and asserted itself that brought forward the elements of total domination. For her, this capitalism thus fell into crisis because liberalism found no civilising answers to the central questions of its time and thus set free tendencies that offered solutions through decivilisation, promised certain groups advancement and power or at least a good income, appeared to have clear simple answers in the face of growing uncertainty and, instead of a demoralising degeneration of the social and political situation, proclaimed a great glorious uprising.²



Hannah Arendt
October 14, 1906
– December 4, 1975.

2 She shares this conviction with Karl Polanyi, even if his diagnosis is of a different type. For him, 'the origins of the cataclysm lay in the utopian endeavor of economic liberalism to set up a self-regulating market system' (Polanyi 1944: 29).

Two points in Hannah Arendt's chosen approach are to be noted. On the one hand, it is often forgotten that social systems are indeed often dominated by a paradigm of reproduction (in the sense of a superstructure), but cannot be reduced to this. Thus the reproduction of contemporary finance capital, as we are currently experiencing, is dependent on statal-imperial support, closely linked to real estate ownership and the pension guarantees of many hundreds of millions of humans, strengthened and at the same time weakened by imperial wars, linked into strategies of state funds of global competitors, which cannot be separated from the ecological contradictions, and so forth. Reproduction is always mediated via 'others'; it lives only by subjugating the other without, however, destroying it at the same time, making it its own without completely robbing it of its own power, using it without exhausting it. In order to endure this contradiction, capital must resort to crutches (Marx), to forms of socialisation that contradict it. It regularly brings forward in its reproduction elements that put it in question. Stability and fluidity belong together. Modern societies are societies on the edge of chaos. In this, there are the possibilities of regular changes but also the dangers of self-destruction. 'From the beginning of modernity it has been a case of forcing the world to be different from what it is' (Baumann 1996: 36). Its vanishing point is the future.

Thus, however, the space is open in which new things – different, strangely, conflicting forms – are constituted. This occurs not only in the intermediate spaces and intermediate worlds, but also in the eye of the storm itself. The peaceful liberalism oriented to free trade gave birth to the robber imperialism out of which fascism grew, just as did the social state that is pregnant with the dominance of the social and socialism. Unleashed barbarism and humane civilisation were formed as elements, as seeds, as origins in the processing contradictions of capitalism. In times of crisis these elements could immediately be put together into entirely new totalities – into totalitarian fascisms, but maybe also into societies based on solidarity.

Through transformations of conditions, through social, political and intellectual struggles, through wars and global competition, the contradictions of capitalist societies can be pushed in one or the other direction. They thus fall into disequilibrium. The search for solutions to the accumulating problems then becomes increasingly hectic. Ever more robbery, ever more privatisation, ever more armaments and wars, ever more subjugation of the state to the interests of financial market capitalism, or even the attempt to create a new stability through more social justice, renewal of the public sphere, common peaceful development, a politics of sustainability – both are possible.

Natural as well as social systems fall time and again out of equilibrium; alternative situations become possible that promise new but very different equilibria. This creates points of bifurcation (Lorenz 1993), which can lead to new relatively stable situations or could flow into chaos (socially: into barbarism). The new either emerges out of the novel recombination of existing elements that emerged in the old, or it does not emerge at all. The transformation of parts leads to the transformation of the system. As the chaos theorist John Holland has formulated it, ‘in evolution it is not a case simply of creating a good animal, but rather of finding good building blocks that can be composed into good animals’ (cited in Waldrop 1993: 212). Allow us to translate these thoughts into the terms of the history of the 20th century: German National Socialism was the worst possible combination of the worst elements of the crisis of liberal capitalist societies that was possible before the invention of the atom bomb. The path of the social state under the leadership of Swedish social democracy was, on the other hand, one of the most humane and social attempts at the reorganisation of capitalist societies.

The five crises of neoliberal capitalism

National Socialism led bourgeois societies to the edge of self-destruction. The principle of appropriation, of conquest, of destruction, broke through all limits. The spirits that were called up in order to banish communism raised themselves up to masters that wanted to subjugate the world as a racist gang of thieves. This existential experience and the challenge by Soviet socialism as well as a strong left and workers’ movement were the elements above all that brought the ruling circle in the West to put strong fetters on capitalism after 1945. The ruling circle declared peace, full employment and social security to be their goal. Institutions were created that were supposed to secure the unity of economic and social as well as democratic parliamentary development under the domination of liberal elites. Among these were capital controls, rules for investments, fixed exchange rates, a strong public sector and strict labour legislation.

This strategy for managing the crisis created in its turn, however, fundamental contradictions between, on the one hand, elements of social counter-power, planning and regulation, and expansion of public sectors; and, on the other, strong capital accumulation, which had made possible this Fordist welfare-state capitalism. Elements of very opposed directions of development amassed.



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The welfare state repressed the commodity character of labour power. Labour no longer needed to be sold for any price. New alternative versions of life appeared possible. The patriarchal nuclear family noticeably disintegrated, though without a replacement being found for the reproduction work that had been done by women up until then. The wage-centred society was at risk. The expansion of the public sector went in opposition to the dominance of private business; Keynesian global regulation opposed the freedom of capital circulation. In the wake of redistribution, in response to the private demands of waged workers and the demands of the public purse, the profit rate went down. Democratisation posed the question of how the economy could be brought under the control of the interests of the great majority. The expansion of the material wealth of waged workers as well would lead to an environmentally destructive consumer society. The growth boom pushed human civilisation to the ecological limits of growth. Decolonisation created independent states, many of which, however, did not prove to be capable of endogenous development or became development dictatorships.

A glaring problem arose in the centres of capitalism: the enormous advances in productivity would have made it necessary to redistribute a share of the profits in favour of wages and public services. If an exorbitantly high growth reached its limits, then it required a redistribution at the expense of capital or there would be 'overaccumulation, long term growth weaknesses and stagnation' (Huffschmid 2002: 122), or an expansion to the world markets. Capital would have needed to give up its predominance or to create new investment possibilities and to reduce the power of waged workers and the welfare state. It went on the attack.

Since the 1970s, the restrictions on capital have been progressively lifted and a transformed institutional arrangement has been created. Its cornerstones are free currency exchange, free world trade and free capital circulation, a new division of labour (including within companies), extensive privatisation and weakening of the negotiation power of wage labour through flexibilisation, part-time labour, lower wage sectors as well as the dominance of short-term shareholder values. Finance funds with a short-term valorisation orientation, greater flexibility and enormous pressure potential have become the dominant controlling force (Windolf 2005: 20–57). The predominance of the USA gained a new foundation: global finance market capitalism has its institutional foundation in the US empire (Panitch; Gindin 2008: 17–47). This neoliberal developmental path is now in its turn in a very deep crisis. The question is whether it stays with the reparative

measures of this new finance market capitalism or whether there have emerged forces to introduce fundamental transformations – in one or the other direction.

First, the overaccumulation crisis has grown more acute. Only a part of capital could be invested productively, particularly in the new production capacities of the East Asian ‘tigers’ and China. On the other side of the destroyed levees, significant finance and debt bubbles were built up through the indebtedness of developing countries, in the hype of the so-called new economy, in the real estate market, in the life insurance sector, in the debt of the USA itself. There was an explosion of finance claims in property ownership that is not accompanied by any real economic development. In 1980 the relation of global gross social product and financial assets was 1 : 1.2. By 2006, it had risen to 1 : 3.5. The realisation expectations and entitlements to returns linked to it became a threat to the real economy. Public funds will have to put in 2000 billion dollars in the USA alone in order to stop (perhaps) the latest crisis. Capital valorisation has grown to an extent never seen before in history through the institutional revolution of neoliberalism. It has created disproportions with real development that have not been seen on such a scale since 1928. Valorisation interests and developmental necessities are fundamentally opposed. *There is a new overaccumulation crisis.*

Second, the ecological reproduction crisis that Fordism had already conjured up is deepening. The primary fixation on accumulation of material wealth and the expansion of the use of resources as well as the emission of dangerous materials into the environment has further speeded up. While the highly developed countries have not changed their development model, other countries with large populations are waiting to take on this outdated development model. Worldwide, the number of cars will double by the year 2030, from currently almost 1 billion to 2 billion, if there is no reversal of policies. The attempt to find a technological solution to the rapid destruction of the natural foundations of human life without a revolution in the mode of production and way of life is completely impossible.

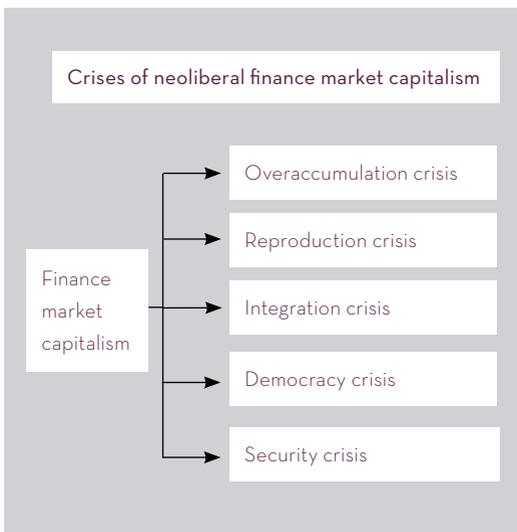
Furthermore, finance market capitalism shortens the already short time horizon of capital valorisation to two years. Projects that go on longer than that are increasingly financed less. ‘Slimmed down’ states have had the possibilities of long-term comprehensive investment projects taken from them, while at the same time they still have to step into the breach opened up by the crisis and come up with answers. This leads to a general underinvestment in the renewal

and development of the most important fields of social reproduction, particularly in education, culture, environment and health. *There is a reproduction crisis.*

Third, the dissolution of the patriarchal nuclear family was compensated for, for those with a high income, above all by the inflow of cheap migrant labour, with low wages and part-time jobs. Many Western societies were deeply split. The necessary support is no longer provided for many children and old people among the poor groups of society. Flexibilisation destroys, even for people with a higher income, the possibilities of a genuinely self-determined life. Lack of meaning, criminality, drug addiction and dissolution of social cohesion are the consequences.

Worldwide, the decay of the state has already reached a quarter of all countries. The number of refugees is now over 20 million. The number of humans without basic essentials including sufficient nutrition, fresh water, minimal sanitary conditions, medical help and education is around 3 billion. In many states, only a minority is involved in formal work. In many countries, either the social state or the traditional institutions of social integration are being destroyed. *There is an integration crisis.*

Fourth, democratisation after 1945 was based on the fact that the citizens, the overwhelming mass of the population, shared in the welfare state. The contradiction between the economic system and democracy was supposed to be at least defused. This social pact – at any rate only valid in a small minority of countries – was thrown away. The hopes of many people in the new national states freed from colonialism were often not realised. Even governments of the left have implemented economic programmes that are subjugated to the primacy of the global investors. Never before have there been so many free elections as today while at the same time the expectations attached to them of a social and economic development that corresponds to these interests have increasingly been followed by disappointment. This is also precisely the case in the European Union. *There is a legitimisation crisis of the political system, of representative democracy.*



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Fifth, the four already noted crises create such great economic, social, cultural and political tensions in and between states and groups of states that violence necessarily increases. The answer to this at the moment has been a new armaments spiral and the growth of a preventative security state (Braml 2004). Armament expenditures have grown by around 50 per cent in the last decade, above all in the USA. They have not only created a latent civil war domestically (with the highest share of prisoners worldwide – 2.3 million in 2005, every tenth black man between 21 and 29 incarcerated at some point in his life)³, but have also transformed the Cold War against the Soviet Union into a global civil war ‘against terror’, using military bases in 130 countries. They have built a network of illegal prisons and concentration camps, similar to what occurred in the heyday of the old imperialism. Worldwide, there are estimated to be many thousands of people who are held and tortured in such prisons. At the same time, an asymmetrical terrorist war against the dominance of the USA and the West has begun.

Water, raw materials, access to the sea, migration, knowledge, capital, cultural identity – in neoliberalism, everything and anything becomes not only a commodity, but also cause of violent confrontations. With the globalisation of capital, violence has also been globalised. *There is a security crisis.*

Postneoliberal scenarios

The five crises mentioned create high pressure to find alternatives. The five named crises of neoliberal finance market capitalism are the unstable foundation on which politics is undertaken. It is the relations of force between organised social movements, parties, elites and counter-elites, states and interest groups, and their strategies, that determine on this basis the real development that takes place. The social costs of maintaining the stability of the system are growing. Resistance is increasing and the profits of neoliberal politics are going down. Along with this, the possibilities of deploying increased resources for crisis management are reduced as well. Feverishly, people are looking for ways out. The USA is confronted by the question of whether it is able to maintain the economic and political foundations of its global leading role or whether it will sink to the level of *primus inter pares*.

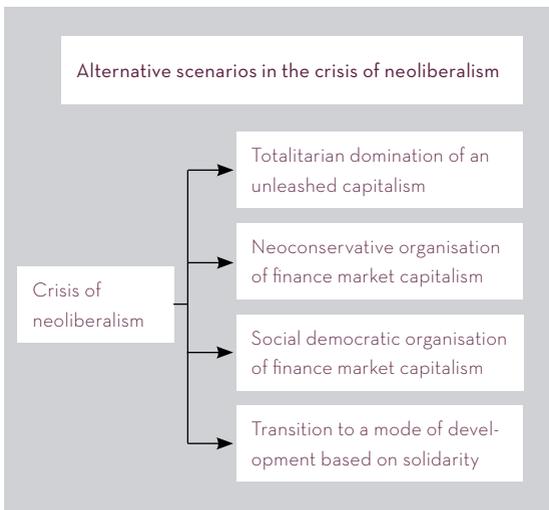
Postneoliberalism can have many faces. Analytically, four possible postneoliberal scenarios can be distinguished.⁴ First, the temptation

3 Cf.: http://en.wikipedia.org/wiki/Prisons_in_the_United_States

4 Cf.: Klein (2003). The real possibilities that they have of pursuing their own goals will depend, on the one hand, on the general international conditions; on the other hand, on the domestic balance of forces.

is great for the USA to want to react to the crises described with an aggressive extension of its dominance, if it is not too late. Nevertheless, it comes up against tight constraints: it could try to extend once again the speculative capital investment possibilities, but the current financial crisis and its own structural weaknesses and debts show the danger of such policies even for the Wall Street–FED complex. It could continue its policy of securing the shrinking raw material sources by military means, but the costs – as the Iraq war shows – are very high and weaken the claim of an empire to be acting in the name of global wellbeing. Furthermore, this only intensifies the global ecological crisis.⁵ The ruling elites are tempted to promote the

de-integration of the world, to mortgage all of Africa's raw materials, to seal off further its own borders, just as the European Union is doing. At the same time, the destruction of American society itself continues, since the middle classes will become weaker and are threatened with collapse (hence also the frantic state-led actions to rescue the banks). Imperial dictate externally and free elections domestically in the context of a type of development that is viewed as a threat by the majority in their own land exhaust the institutional configuration of the USA. Additionally, the 'war against terror' has only heightened the threats and promoted the rise of competitors like China or India.



If the former politics of the USA is continued, it will mean an accelerated accumulation of elements of barbarism in the USA itself and worldwide. The unleashing of capitalism will give rise to a further decivilisation. Already 'terror suspects', 'poverty refugees' on the high seas, the victims of ecological and social catastrophes as well as of state failures in the Third World have no human rights. They are similar to those who were made 'stateless' by National Socialism. These victims are still 'collateral damage' and there are no extermination camps. But there have been many steps taken in the direction of lawlessness. If this development is not stopped, there will be a barbarisation of unleashed imperialist capitalism, which will tip over into genocide.

5 The armed forces of the USA use in one day (!) more oil than Bangladesh, with 150 million inhabitants, uses in an entire year.

Fundamentally more probable is that at least at the moment this voyage into barbarism will once again be stopped, just as it was stopped in the decades before 1914 or before 1933. But precisely in order to stop this tendency, one must be conscious of its real possibility, for neither WWI in its true dimensions, to say nothing of Auschwitz, was thought possible by large sections of the elites. It was precisely for this reason that they could happen. There was no linear causal connection between the elements of barbarism that emerged in ‘normal’ liberal capitalism and the system of barbarism of German National Socialism. This system was in no way inevitable. The capitalist classes could have managed the crisis differently in Germany, too, if large sections of the economic and political elites had not been convinced of the advantage of a temporary ‘alliance’ with Hitler’s National Socialists as a way out of the crisis. Even more importantly: neither before 1914 nor after 1933 was a real way out found; the imminent fall into the abyss was prevented in a way that only made possible an even worse future. Even if it did not immediately fall into catastrophe, elements of barbarism nevertheless accumulated under the surface of an increasingly endangered civilisation.

More probable actually is the second scenario – that is, that barbarism will be stopped. The dominant strategy is currently the continuation of neoliberalism by other means. So long as neoliberalism in the highly developed countries was able to live on the constellation developed after World War II, had access to cheap raw materials, and experienced no threat to its monopoly of violence, the politics of privatisation, deregulation, appropriation, weakening or even disempowering of all oppositional forces, as well as of social and cultural polarisation, could be realised in a pure form. This era is now over. Structural problems have emerged and forces of resistance are forming. In order to guarantee the ‘achievements’ of this period for the capitalist class, the global domination complex and the upper middle classes, the ruling elites are looking for a new balance. Here are two examples from the European Union.

The balance between the protection of the achievements of neoliberalism for the rulers and the threats from the five named crises can consist of a neoconservative strategy of ‘sympathetic conservatism’ within the nation state and ‘enlightened’ imperialism abroad. This is the second option of postneoliberal politics. The centres of power will seek an alliance with the ‘little people’; these centres will continue to be open only selectively for ‘useful’ and cheap labour-power; the market chances for the insiders will be heightened through active state support (above all in the educational sector) and repressive exclusion of ‘excess’ people of all types and a welfare state policy that forces

The balance between protecting achievements and avoiding threats can consist of a neoconservative strategy of 'sympathetic conservatism' within the nation state and 'enlightened' imperialism abroad.



the individual to transform him- or herself into the 'entrepreneur of his or her own labour power and affective labour' (Meinhard Miegel). A 'common foreign and security politics' should flank this with a mixture of partial integration and build-up of military intervention power, division of spheres of influence and coordinated security of Western hegemony. Foreign politics will be subordinated to global competition. The Lisbon strategy of the European Union aims in this direction. European leaders of this process are currently the French president, Sarkozy, and Italy's' prime minister, Berlusconi.

A third possibility is the revitalisation of new social democracy, which accepts finance market capitalism as the basis for negotiation and strives after the 'social organisation' of neoliberal globalisation. Tony Blair, Gerhard Schröder, Lionel Jospin and José Luis Rodríguez Zapatero have outlined the limits of such a politics. Finance market capitalism objectively sets much narrower limits for a politics of social equality, wagers workers' participation in growth and social integration than the welfare state capitalism of the period after WWII did. It therefore is largely associated with a libertarian politics for the upper middle classes. This was and is also the reason why the neoconservatives or even the parties of the Right were able to win majorities among wagers workers in an increasing number of states of the European Union.

There is a fourth scenario for postneoliberalism – the transition to a mode of development of societies based on solidarity. Its foundation would be a solidarity economy and property order with four sectors, beyond the old dichotomy of private business versus state economy. A new mode of life and development based on solidarity and participa-

tory democracy are inseparable component parts of such a scenario. I offer some comments on this in the following section.

The transition to development based on solidarity

A new economic and property order

The technological revolution of the last 30 years has transformed science and culture into the most important productive forces. The privatisation of these public goods goes against their character as products that only increase their value through unlimited use. It therefore requires a strong education, culture and science sector, supported by public financing and to a large extent self-organising, and nourishing itself in no small measure on the freely chosen engagement of the many who live in genuine social security. The number of these goods regularly increases. If at all, then it is here that anarchy and a cultural communism have their future. They require, however, a comprehensive foundation. It is this in sector that the free development of the individual and the free development of all can in reality immediately coincide. Free public access would predominate in this sector. There would be no owner, but rather, only supervisors of universal accessibility.

There is a second sector that has increased enormously in significance through the clearly increasing life expectancy (which in Central Europe in the last 160 years has risen from approximately 40 to almost 80 years) and modernisation and urbanisation as well as the extensive



A possible scenario for postneoliberalism? The transition to a mode of development of societies based on solidarity.

development of a global exchange society: the field of common goods like health care, public infrastructure in transportation and communication and so forth. The protection of the natural and human environment is similarly a common good. Even the banking system and the credit institutes as well as the legal system belong to this field. The recent financial crisis shows that these are privately useful but in no sense private goods – although they were treated as if they were. Neoliberalism has developed a game of communalising costs and privatising profits. The demarcation of public goods consists above all in the fact that common goods can be destroyed by excessive and false use. The modern welfare and legal state that has fallen into crisis due to neoliberalism is the backbone of these sectors. The democratic institutions of the state, of communities and of universal security organisations, carry out the most important economic functions on the basis of the enforceable securing of the social and ecological fundamental rights of all.

The sustainable mixed economy of a society based upon solidarity



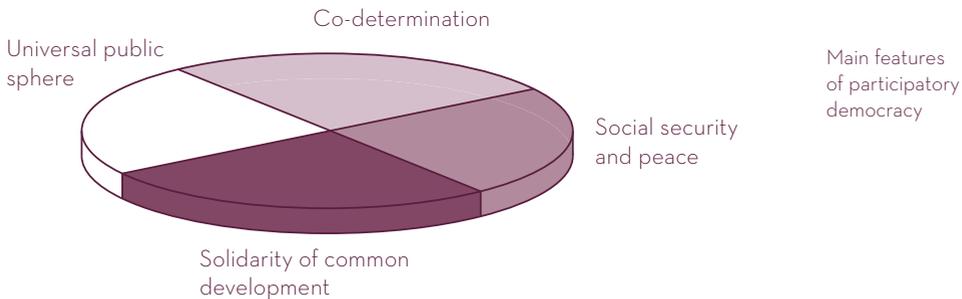
A four-in-one perspective for an emancipated way of life



A third sector is the social sector of the production of material and immaterial goods, which are neither public nor common, or are not supposed to be such. This sector is today above all in private and only very partially in statal or cooperative hands. It is based on credit-financed entrepreneurial activity. This then takes on a capitalist form if the combination of the means of production and labour power is

subordinated to the imperatives of capital valorisation. An economy based on solidarity, on the basis of needs-oriented fundamental security, regional business cycles, control of capital circulation and strong co-determination, must succeed in breaking up and overcoming this subordination of social and ecological governance and public investment programmes. In this sector there must be established a form of associative property of different actors with different property interests ('good work', regional development, innovative and efficient goods for the user, ecological sustainability, and so forth). This post-capitalist entrepreneurial sector is based on the cooperation of a plurality of owners of the same assets (Brie 1990).

A fourth sector is the production of individual goods in the intimate sphere of partnership, living with the old and children, of friendship and love as well as free personal development. The time spent in this sector today in the developed countries is very considerable and now exceeds that spent on wage-earning activities in the course of a lifetime, if we include childhood, adolescence and old age in this calculation. It will be crucial to free this time from subjugation to the forces of self-marketing and to strip it of the passively consumerist character that it often has today.



A new way of life

The transition from an economy dominated by capital to a mixed economy based on solidarity makes possible a fundamentally new life balance, which the Marxist-feminist Frigga Haug calls the 'four-in-one-perspective'. Wage labour, reproduction labour in the care of the self and others, the leisure of free self-development and public engagement should be generalised as the part-time activities of all, so that each and every person can dedicate around four hours of his or her day to each of these activities (Haug 2008: 20ff.). Wage activity close to home must go down to below 30 hours a week. The 'oppressive subjugation to the division of labour' (Karl Marx in the tradition of Charles Fourier and Robert Owen) would finally be brought to

an end. Only such a new organisation of life allows liberation from a psychology of 'wanting to have', out of which grew, together with the infinite desire for self-valorisation of capital, the transformation of the world into an accumulation of dead things ('commodities'), destroying nature as much as the human and the soul – precisely the situation that dominates us today.⁶

Participatory democracy

The decisive condition for the emergence of a new economic order and way of life is the struggle for the democratisation of democracy. Today, democracy, this great achievement of the 20th century, has been debased to a mere facade of imperial claims to power, of the implementation of the imperative of an unleashed capital valorisation and of the protection of egotistical property claims. It has been transformed into an oligarchy of globally acting elites. The alternative to this is participatory democracy, in particular as it is developed in the context of the World Social Forum.

The main features of a new participatory democracy are above all four directions of development: first, it involves the production of a universal public sphere, the assurance that all decisions are accessible to those who are affected by them, that there is the obligation to listen to them, to confront their criteria and their critiques. Second, democracy is only possible if it contributes to the development of the other in a way based on solidarity. This is the case above all for those who today have been touched by war, environmental destruction, failure of the state and lack of fundamental conditions for a self-determined life. Third, democracy requires immediately communal, regional and firm-based codetermination with a right to veto if one's own essential needs are at stake. Fourth, democracy is only possible when people are not threatened by a lack of jobs, poverty in old age, lack of basic goods for a self-determined life, or war. Only when these four conditions are met is the delegation of power to others in any way responsible, for it is only then that it is not transformed into one's own lack of power.

Many elements of this new solidarity development have emerged in the existing society dominated by capital. The old welfare state and all the other attempts to control capitalism since the latter half of the

6 'The new society and the new human will only become reality when the old motivations – profit and power – are replaced by new ones: being, sharing, understanding; when the market character is dissolved by the productive character capable of love and a new radical humanist spirit takes the place of cybernetic religion.' (Fromm 2000: 192).

19th century have already contributed to this. These kinds of post-neoliberalism approaches based on solidarity have also emerged in confrontation with neoliberalism. The social and political struggles against capitalist globalisation on the local as well as the global level have also helped the nuclei of a participatory democracy to emerge. People have begun once again to engage politically; against all forms of resistance, they have developed elements for a mode of life based on solidarity.

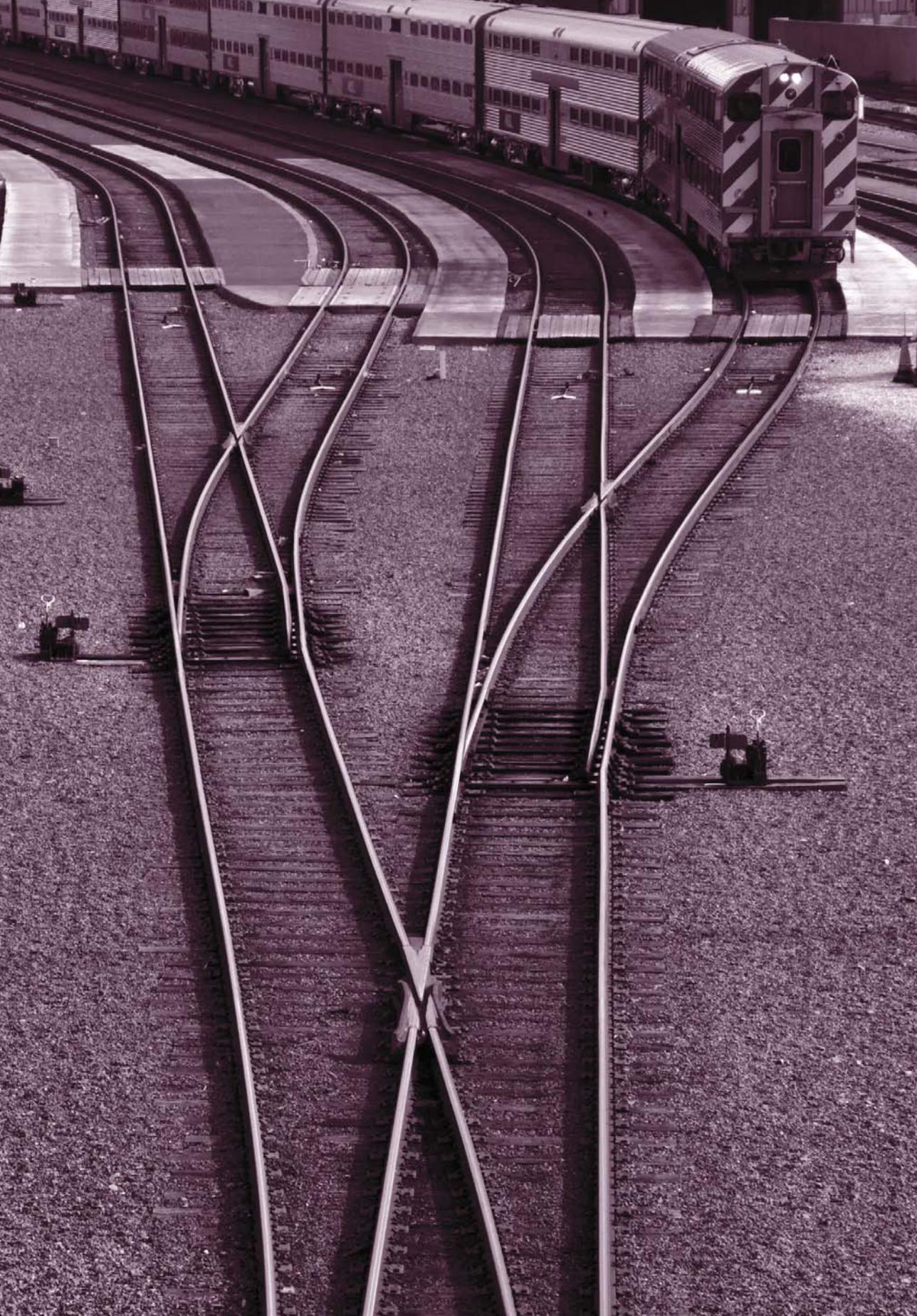
The other world comes into being not in the beyond, but rather from and in the struggles of today. The seeds of the new are formed in infinite multiplicity. The forces of solidarity in the European Union have a particular responsibility. Nowhere else were the experiences of fascist barbarism so awful and the forces opposed to capital historically so strong. Nowhere else were such comprehensive institutions of the welfare state developed. On the basis of very high technological development, it is here that turning to sustainability is most possible. The desire for peace domestically represents a strong brake on imperial politics. Neoliberal policies have met increasingly strong resistance in recent years. The example of Latin America can be instructive and strengthened. However, this will not occur automatically. The defensive phase of the left in Europe has still not been overcome. However, the consciousness that it will be a catastrophe (Walter Benjamin) if it continues *this way* has become general. This is a chance to be seized.



Many elements of this new solidarity development have emerged in the existing society dominated by capital.

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Postneoliberalism and its bifurcations

Ana Esther Ceceña

The end of neoliberalism

Neoliberalism met its definitive end with the crisis that erupted in 2008. There is no going back. By itself, the market is self-destructive. It has to be supported and contained. Capitalist society, arbitrated by the market, either plunders itself or becomes uncontained. It lacks long-term perspectives.

Both things have happened after 30 years of neoliberalism. The voraciousness of the market took the appropriation of nature and the dispossession of human beings to the extreme. Territories were ravaged by desertification and their inhabitants driven out. People revolted, and ecological catastrophe, which had reached an extreme point of irreversibility, started to manifest itself in a violent way.

People rebelled against the advance of capitalism, blocking the ways that were taking it towards even greater appropriation. Armed insurgencies impeded access to the rainforest; civil revolts put an end to the building of dams, to intensive mining, to the construction of heavy-load roads, to the privatisation of oil and gas, and to the monopolisation of water. The market, by itself, was not able to defeat those people who were already out of its reach because they had been expelled; and from there, from the non-market, they were struggling for human and natural life, for life's essential elements, for another relationship with nature, for an end to the pillaging.

The end of neoliberalism begins when the extent of dispossession arouses the fury of the people and compels them to burst onto the scene.

Phase shifts

Contemporary capitalist society has reached a level of complexity that has made it extremely unstable. In the same way as happens with biological systems (Prigogine 2006), complex social systems possess an infinite and, to a great extent, unpredictable capacity for reaction in the face of stimuli or changes. The diversity on which this society has been built, and which comes from the subsuming, rather than eliminating, different societies with other ways of understanding the universe, other customs and histories, results in a multiplicity of so-

cial behaviours and political perceptions and practices throughout the world, and thus opens up an immense spectrum of perceptions of reality and possibilities for social organisation.

The cohesive power of capitalism has allowed the establishment of different moments of what physicists call equilibrium, where, despite the deep contradictions of this system, as well as the enormous variations it implies, wasteful tendencies are decreasing. Nevertheless, its duration is limited. Between equilibrium and dissipation there are constant opportunities for bifurcation, which require capitalism to find those opportune cohesive elements with which to construct a new equilibrium, or, in other words, to re-establish the conditions required for capital valorisation. But the risk of rupture, which points to possible epistemological and systemic dislocations, is always present.

The system's internal *equilibria*, understood as patterns of accumulation – in economic terminology – are forms of social articulation sustained around a dynamising and ordering axis. This is an axis of complex rationality which, according to circumstances, embraces different forms: in the Fordist phase it was clearly the assembly-line for large-scale production as well as the state in its role as social organiser; under neoliberalism, it was the market; and under postneoliberalism, it is simultaneously the state, as controller of global territory – that is, under the command of its military aspect – and private enterprise as a form of direct self-expression used by the system of power, subverting the limits of the liberal right established during the former stages of capitalism.



Between equilibrium and dissipation, there are constant opportunities for bifurcation.

The postneoliberalisms and its bifurcations

The uncertainty concerning the future leads us to characterise it more as the negation of a stage that is being exceeded. If the capitalist modality that stems from the crisis of the 1970s – involving a profound transformation of the mode of production and of organising production and the market – was called post-Fordist by many scholars, today the same thing is happening with the transition from neoliberalism to something different, which, although it has already been sketched out, still leaves a broad margin for things to be overlooked.

Post-Fordism formulates itself from the perspective of the changes in the system of work and in the way the state carries out its social function, while neoliberalism operates from the perspective of the market and the relative abandonment of the socialising function of the state. In both cases, there is no definite name; it is either a *post*, and in this sense a completely undefined field, or a *neo*, which delimits without

being very creative. Both are currently giving way to another – much more sophisticated – *post*, which brings the two qualities together: postneoliberalism. We are dealing here with a category that has little life of its own in the heuristic sense, although it is polysemous at the same time. Its virtue may be that it leaves open a whole range of possible alternatives to neoliberalism – from *neofascism* to the civilisatory bifurcation – but its explanatory strength and qualities are uncertain and insufficient.

Under these circumstances, in order to make progress with refining or modifying the concept, it is indispensable to stop and look at the nature of the different scenarios, and to be aware that such a spectrum of possibilities includes some alternatives for reinforcing capitalism – even though it may be a capitalism with greater difficulties of legitimacy; for creating new ways out of capitalism, starting from its own institutions; and for collective modes of conceiving and putting into practice non-capitalist social organisations. It is necessary to work on all levels of abstraction and reality, where this term occupies the place of an alternative without a name of its own, or the place of diverse alternatives in a situation of coexistence without hegemonies, which prevents any one of these alternatives from giving a specific content to the process of going beyond neoliberalism.

The postneoliberalism of capital

Even before the eruption of the current crisis it was evident that neoliberalism had reached the limits of its power. The bonanza of the golden years of the free market allowed the expansion of capitalism in all aspects on a global scale; it guaranteed enormous benefits for some and the strengthening of large-scale capital; it eliminated nearly all barriers to private appropriation; it created a more ‘flexible’, more precarious and cheaper labour market; and it placed nature in a situation of defencelessness. But after its innovative moment, which imposed new rhythms not only on production and communication, but also on social struggle, the limits of its own potential started to emerge.

Among these limits, it is important to point out at least three that refer to the immanent contradictions of capitalist production and their specific expression at this point in its development, and to the corresponding contradictions in the process of appropriation and the social relations it constructs.

Neoliberalism's achievements in extending the margins of expropriation led it to corrode the social consensus created by the so-called welfare state, but also to reduce markets. The general decrease in wages, and in the cost of labour force reproduction in a wider sense, gradually broke down the more sophisticated consumption patterns that had emerged under Fordism. The capitalist answer consisted of reincorporating this ever-growing population into the market through the production of precarious goods on a large scale. However, this reincorporation does not compensate, even remotely, for an increase in the production capacities generated by contemporary technologies; nor does it return the expected benefits. The extent of appropriation and concentration, technological development, the globalisation of production and of commercialisation – that is, the network of objectivised power constructed by capital – does not correspond to the dimensions and characteristics of social networks. It is a form of power that is starting to show serious problems in terms of the capacity for dialogue. These huge capacities for transforming nature into a commodity, into a useful object for capital, as well as the accumulated capability of economic management, strengthened by changes in both the norms of land use and the concept of sovereignty, led to a wild race to appropriate all organic and inorganic matter on the planet. To get to know the jungles, to subdue them, to gain monopoly over them, to isolate them, dividing them into their simplest elements, and returning them to the world converted into various types of commodity: this process was – and is – one of the ways to secure economic supremacy; the occupation of territories in order to turn them into material for valorisation. Paradoxically, free-market capitalism promoted deep enclosures and wide exclusions. But with one danger: to objectivise life means to destroy it.

With the introduction of industrial sequencing technologies, with the detailed knowledge of complex genomes for the purpose of manipulating them, with the methods of nano-exploration and transformation, with climatic manipulation and many other technological developments in the last 30 years, we have crossed the threshold into the largest ecological catastrophe ever experienced on this planet. Capitalism's struggle to dominate nature, and even to create artificial substitutes for it, has already resulted in the elimination of a huge number of species, in the creation of major ecological and climatic disequilibria, and in putting humanity itself, and capitalism with it, at risk of extinction.

But perhaps the most obvious limits here are manifesting themselves in the critical scarcity of fundamental elements sustaining the process



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of production and of generating value, like oil, or of those sustaining the production of life, like water, to a great extent squandered through the ill-use to which it has been put during the capitalist process itself. Once again, the paradox is that, in order to avoid or to compensate for scarcity, strategies are designed that worsen the catastrophe, such as the transformation of forests into transgenic soy or maize plantations for the production of biofuel, which is much less productive and just as polluting and destructive as oil.

Capitalism has been shown to have an exceptional ability to overcome obstacles and find new ways of operating; however, the levels of devastation reached, and the logic with which it is advancing towards the future, allow us to realise that the *solutions* are going up a blind alley, where even the conditions for capital valorisation are decreasing.

Although neoliberalism has been characterised as a time of the pre-eminence of financial capital, and this has led to the notion of deterritorialised capitalism, in fact neoliberalism was characterised by a fierce dispute over the redefinition of the use and ownership of territories. This redefinition has led to the rediscovery of societies hidden in the shelter of jungles, forests, deserts or glaciers that modernity was not interested in penetrating. Giving these territories a monetary value has brought about an offensive of expulsion, displacement or a recolonisation of those communities that, unsurprisingly, rose up against such a process.

This, together with the protests and revolts caused by structural adjustment policies or by privatisation of resources, rights and services promoted by neoliberalism, has characterised the political landscape since the 1990s. The conditions of impunity in which the first free trade agreements were made, the first deregulations, the stripping of land and so many other measures promoted since the capitalist crisis and reorganisation of the 1970s and 1980s, changed with the uprisings of the 1990s, in which a shift of social dynamics took place that started to pull back the free reins of neoliberalism.

It was not enough to give the market freedom. The market acts as a disciplining and cohesive force in that it maintains a capacity for disarticulation, while the social forces are reorganising in response to the new forms and contents of the domination process. Nor was the market able to be a long-term alternative, since the voraciousness of the market provokes the destruction of the conditions for the reproduction of society.

The same system saw itself obliged to go beyond neoliberalism, moving its ordering axis from individual freedom (and private property), promoted by the market, towards social and territorial control, as a way to re-establish its possibility of future prospect. The ideological slogan of ‘the free market’ was replaced by that of ‘national security’, and a new phase of capitalism starts to open up, with the following characteristics:

First, if neoliberalism places the market in the situation of using the planet for its goals of maintaining capitalist hegemony, in this case under the rule of the United States, in this new phase which has come into being with the start of the millennium the task is left in the hands of the military authorities, which are undertaking a process of internal realignment, both organisational and conceptual, and also of global realignment.

The modified situation in the former so-called socialist world had already required a change of geopolitical vision, which corresponds to a new strategic design of penetration and control of the territories, resources and social dynamics of the Central Asian region. The enormous influence of this region in the defining of the internal economic supremacy of the system meant that from the outset the area could not just be left in the hands of a market which, given the confused and disordered circumstances in the aftermath of the fall of the Berlin Wall and the collapse of the Soviet Union, had good opportunities for business but lacked favourable conditions for reordering the region in accordance with the criteria of the United States’ hegemony over capitalism. In this region we see the beginnings of what would afterwards become global policies: the militarised command over the process of production, reproduction and spacialisation of capitalism at the dawn of the 21st century.

Second, this militarisation is alert both to the potential threat of other hegemonic coalitions challenging the United States’ leadership, and to the systemic risk due to the questionings and to the construction of alternatives by non-capitalist social organisations. Its purposes are the maintenance of power hierarchies, the safeguarding of those conditions sustaining hegemony and counter-insurgency. It implies maintaining a situation of latent war, very similar to a state of emergency, and the permanent persecution of dissidents.

These features would rapidly lead us to think of a return to fascism, were they not combined with others that contradict them and indicate a characterisation that goes beyond *neos* and *posts*.



The ideological slogan of ‘the free market’ was replaced by that of ‘national security’, and a new phase of capitalism starts to open up.

Wars, and military policies in general, are no longer a public affair. This is not just because many wars in our time have focused on so-called ‘failed states’ and, in this sense, do not take place between ‘states’, but between a state and the society of a particular nation. It is also because, although it may be the state that initially becomes involved in armed conflict, it does so through an external structure which, once contracted, is driven by its own rules and does not respond to the criteria of the public administration.

This kind of outsourcing, which has become common in today’s capitalism, has very deep implications for the case we are concerned with. It is not a matter simply of the privatising of certain components of state activities, but of a rupture with any real sense of the state. Transferring the use of violence from the state to the non-public sphere puts justice in private hands and annuls the rule of law. It is not even a state of emergency. The state is emptied of all authority and, by breaking with the notion of the monopoly of violence, it has established violence within society.

Under fascism, a strong state existed, capable of organising society and generating consensus. The state was centralised and disciplined. Today, appealing to law and to norms established collectively is becoming a nonsense, and the institutions responsible for ensuring their execution are militating against them. Consider, for example, Guantánamo or the occupation of Iraq.

With the recent crisis, the most important capitalist institutions have collapsed. The IMF and the World Bank are repudiated even by their founders. We are going into a form of capitalism without rights, without collective norms, with an openly factious state. In other words, mercenary capitalism.

Alternative national postneoliberalism

Another variant on overcoming neoliberalism is the one enacted by several Latin American states today which proclaim themselves socialist or in transition towards socialism, and which have begun to contravene, or even reverse, the neoliberal policies imposed by the IMF and the World Bank. Despite the differences between them, all these experiences, which involved an electoral challenge to the presidency are sharing and creating, in collaboration, ways of distancing themselves from the dominant orthodoxy. Bolivia, Ecuador and Venezuela, each following its own particular rhythm, are pushing through policies aimed at the recovery of sovereignty and participa-

tory power, which have taken shape in the new constitutions elaborated by their respective societies.¹

The dispute with the IMF and the World Bank has created a certain distance from these institutions and their policies, while the creation of an alternative institutionality – as yet embryonic – is underway through, for example, ALBA, the Banco del Sur, Petrocaribe² and others. However, these initiatives do not in themselves indicate guidelines for an anti-capitalist endeavour, but, for the moment, they open up a space of greater independence with regard to the world economy, which is more propitious for the building of socialism.

First, to advance the processes of restoring sovereignty, indispensable in terms of their relation with the major global powers – whether these arise from matters of state or business – and to embark on large-scale social projects of a socialist conception, the strengthening of the state and its leadership are required. The paradox lies in the fact that the state represents an institution created by capitalism to secure private property and social control.



The paradox lies in the fact that the state represents an institution created by capitalism to secure private property and social control.

- 1 A very different case – but one where there is open confrontation with the dominant scheme – is that of Iran. Even though there is no pretension here to a transition to socialism, it would be necessary to study carefully its elements of discord in order to understand its particular way out of neoliberalism, if such is possible.
- 2 Translators' note: ALBA ('alba' means 'dawn') is the abbreviation for 'Alternativa Bolivariana para las Américas', a new leftist movement along the Andean-Caribbean axis inspired by Simón Bolívar's dream of a unified American continent. The Banco del Sur (Bank of the South) will devote financial resources to the accomplishment of independent development objectives. Through Petrocaribe's programme, Venezuela is using its oil revenues to build a space for solidarity exchanges.

Second, the processes of nationalisation undertaken, or the limits imposed on transnational capital, changing its role from owner to service supplier or to minor shareholder, marks a substantial difference concerning the capacity to dispose of the strategic resources of every nation. In this case, sovereignty is held and exercised by the state, but this still does not transform the conception of the way these resources are used, to the extent that intensive mining projects are still encouraged, albeit under other property norms. This is not enough for a ‘change of model’; it is a first step – the follow-up to which is uncertain – but it indeed represents a historic popular claim.

Third, the reinforcement of the national interest vis-à-vis the global or transnational powers is accompanied by a centralisation of the state, which does not turn out to be easily compatible, either with the notion of plural nationality postulated by indigenous peoples, or with the idea of a participatory democracy which brings the processes of deliberation and decision-making nearer to the community level.

Lastly, the constitutions have outlined the construction of a new society. In Bolivia and Ecuador, there have been proposals to change the aims of ‘development’ to those of ‘good living’,³ marking a fundamental difference between development’s rush forward and the horizontal, or even circular, march of good living, which reminds us of the Zapatist metaphor of ‘walking at the pace of the slowest’. The epistemological dislocation implied by emergence of the idea of good living takes the process towards a societal bifurcation. Therefore, the debate is no longer about neoliberalism or postneoliberalism, but about something else, which is no longer capitalist and which brings together the millenia-long experiences of communities and the radical criticism of capitalism. Various names have been given to this: communitarian socialism; socialism of the 21st century; socialism in the 21st century; or not even socialism, only good living, autonomy of communities or emancipatory horizons.

So, the construction of this other way of being, to which we can give the generic name of good living, necessarily has to leave capitalism behind, but at the same time it has to transform capitalism, with the constant risk of being trapped in the attempt, because, among other reasons, such a search process is undertaken from within the institutionality of the (still capitalist) state, with all the historical and political burden it entails.

3 On this matter, consult the texts of the new constitutions of Bolivia (2007; still not promulgated in late 2008) and Ecuador (2008), as well as the article by Alberto Acosta (2008), president of the Constituent Assembly of Ecuador.

The postneoliberalism of the people

Another process of transcending neoliberalism is that undertaken by peoples who have not opted for the electoral struggle, essentially because from the very beginning they have decided to distance themselves from the dominant institutionality. Many indigenous peoples in America have been concerned with this process, or variations of it. Their rejection of institutionality, is based on a combination of bifurcations with respect to colonial domination – that is, the latent rebellions over more than 500 years, as well as the corresponding rebellions against capitalist domination. Actually, the nations that came into being at the time of independence from Spain and Portugal reproduced the relations of internal colonialism and are therefore not recognised as retrievable spaces.

Sometimes, resistance and rebellions arise that admit the nation, but not the state, as a transitory space of resistance, while other rebellions leap over this stage in order to launch themselves into a struggle that is anticapitalist and anticolonial and dedicated to constructing/reconstructing entirely new forms of social organisation.

From this perspective, the process is carried out in community spaces, transforming everyday networks and creating the conditions for self-determination and self-support, always conceived in an open manner, through discussion and through the sharing, in solidarity, of similar experiences.

To recover and to recreate people's own ways of life, which are human, based on respect of all other living beings and the environment, with a free politicality devoid of hegemonisms. Decentralised democracies. This is the other way out of neoliberalism, and it would be very impoverishing to call it postneoliberalism, because it is even difficult to locate it in the same semantic field. We all know that semantics are also politics, and that here too it is essential to subvert our senses to make them correspond to the new air of emancipation.

What is coming after neoliberalism is a wide range of multiple possibilities. Let us not narrow the horizon, fencing it in with concepts that reduce its complexity and belittle its creative and emancipatory capacities. The world is full of many different worlds, with infinite routes of bifurcation. It is up to the peoples in struggle to show the ways forward.

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Postneoliberalism and Post-Fordism – Is there a new period in the capitalist mode of production?

Alex Demirovic

For the last two decades materialist theory has been trying to answer the question of whether, after the long period of Fordism, there is now a new period of capitalist social formation (cf. the contributions in Brand and Raza 2003). This new phase has been tentatively characterised as post-Fordism (Hirsch 1995) or as high-tech capitalism (Candeias 2008). In the 1980s, the political programme accompanying it was characterised as neoconservative; since the mid-1990s it has been called neoliberal. This period had its prelude in 1973 with the military coup in Chile. In the 1980s it was characterised by the governments of Reagan, Thatcher and Kohl; the rise of rightwing populist and racist movements; the dissolution of socialist states and Russia's loss of position as a hegemonic country; the rise of the Info-com industry and the new economy; the transformation of social democracy into new parties of the electoral centre, which re-organised their classical connection with the unions in a looser way; and the rise of the economies of South East Asia, China, India and Brazil (cf. Rilling 2008). There are indications that this period is now drawing to a close. In Latin and Central America, resistance has been forming since the mid-1990s. There have been social movements against the neoliberal-dominated mode of globalisation, social resistance movements forming in China, unremitting protests against the West in Islamic countries, and numerous attacks; along with increasing migrations; all these could be taken as evidence that the neoliberal strategy of capitalist reshaping of social relations has encountered rejection worldwide.

When the question comes up of whether or not the period of neoliberalism is coming to its end or is already at an end, it is sensible first to get a sense of the characteristics of this phase in the OECD states themselves. In my view, the period was marked by a tendency towards destruction of the well-rehearsed organisation of relations between the social classes, thus the dissolution of the compromise with the waged working class and the dissolution of alliances with the middle classes. I understand neoliberalism as a practical ideology, as a strategy that allows the ruling classes to govern the state through

the market (cf. Foucault 2004, Demirovic 2008). It is therefore not the case that neoliberalism is exclusively promoting the market. On the contrary, neoliberalism does not aim programmatically to do away with all differentiation; rather, all social relations are subjected to reorganisation in a way that makes markets and competition work – and that is why it aims to introduce market-like forms of governance into the different social fields. Thus there is a new paradigm of accumulation and domination.

For the bourgeoisie, it is a case of dissolving previous compromises – that is, the institutions necessary for agreements, negotiations and (at least according to the claims) relatively egalitarian ways of life – and of acting independently of these compromises. An essential characteristic of the neoliberal-dominated accumulation strategy is correspondingly the abandonment of consensus and hegemony, insofar as hegemony means that the bourgeois class makes concessions. The neoliberal-oriented sections of the bourgeois class aim to pursue, alone, corporate interests of appropriation of the means of production, the subjugation of life relations to capital valorisation and the class's immediate accumulation of wealth. Concessions, negotiations and compromises are not considered. Correspondingly, the form of politics pursued is one of reducing taxes for entrepreneurs on assets or stock exchange transactions, and raising mass taxes (that is, value added tax or income tax). Correspondingly, the state budget is borne to an ever greater extent by the subaltern classes. Additionally, the decreasing state budget is deployed in the interests of the upper classes (armaments, increasing the size of the police force, subsidies, family support, health policies that serve the medical-technical and pharmacy industry more than the patient), while the share of state expenditure that aims at consensus – social expenditure, education, culture – is shrinking. One could indeed say that members of the middle classes were drawn into the accumulation dynamic through share ownership, through higher returns on savings, through real estate ownership or through consumer credit. Yet it inverts the concept of hegemony if these practices of economically determined domination are characterised as hegemony, for it is not a case of a politics that has alliances and compromise between the many classes as its foundation and which, by means of the state, is generalised as a way of life that is comparatively homogenous and keeps the distance between the social classes relatively small. Rather, the neoliberal strategy promotes the polarisation of society in terms of education, access to privileged professional positions, income or assets. Individuals are individualised; they are forced to enter into a relationship of competition with each other. Even in relation to themselves the individuals fall into a novel

type of contradiction: value increase in share ownership or higher interest in private old-age pensions are linked in a way mediated by the market, with increasing exploitation, the creation of a global labour market and the risk of becoming a victim of relocation, outsourcing or rationalisation. Individuals are required to think of themselves in an entrepreneurial way and rationalise themselves in relation to employability.



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This form of domination is domination by and through contingency (cf. Demirovic 2001). By that, I mean a novel technique of domination that systematically produces the ‘dull compulsion’ of social relations and uses it in order to liberate the state from a responsibility experienced as a political burden. This goes back to the crisis diagnosis of the Trilateral Commission, which had repercussions in the different leading capitalist states and meant that the welfare state was no longer capable of acting, due to increasing obligations to the ruled. It is thereafter a case of cutting through the many networks that emerged during the welfare state phase between politics and administration on the one side and associations (above all the unions) on the other. The state apparatuses should be re-organised for their particular function for the ruling class. They are dissolved or weakened as access to the state apparatuses is made strategically more selective – that is, determined by the rulers – and dynamic. In particular, non-governmental organisations corresponded to these changed claims of the state apparatuses, since they depend in part on state funding and could draw on high informational and advisory competence. Their connection to the membership and their democratic legitimacy is low, which makes them flexible and entirely suitable as dialogue partners in negotiations with state administrations. At the same time, NGOs, on the basis of their engagement with particular themes of groups of people, could claim to represent general interests as advocates. This gives the possibility of playing them off against the unions, which the rulers claimed would only represent particular interests.

Domination through contingency can be illustrated with the example of insurance. With insurance based upon solidarity, the solidarity community would take over the damages experienced by a member, such as illnesses, inability to work, need for care and so forth. The coverage occurs across the board, even if the way expenditure on medical care provision is conducted is still contested and in need of regulation. With reorganisation to a model of insurance based on mathematical distinction of risk groups, individual behaviour is assessed according to statistically normal distributions. What is calculated is the probability of a person belonging to a particular risk group.

Correspondingly, these groups – young male drivers, smokers, individuals with a specific genetic disposition, and so on – have to accept that their insurance premiums will go up or down. In a similar way, this is the case with the introduction of market prices for transport infrastructure. This is no longer regarded as public, and available to all citizens at any time – which actually was never the case, because individual motorised travel was in many ways not based on solidarity, as it had destructive consequences for the public space; instead, the public transport system is now much more understood as a limited good, for the use of which market prices are to be paid, higher according to the demand. In all these cases, individuals can no longer calculate *ex ante* what consequences certain actions will have for them. It is one of the paradoxical consequences that the increase in uncertainty goes together at the same time with the externally imposed fixing of individuals to a determinate identity. On the basis of statistically determinate social or biological characteristics, individuals become members of a risk group and are thus defined according to particular quasi-natural characteristics. Social inequality increases, since the availability of money makes one independent of such market-type restrictions. The calculated statistical risk expectations finally lead to the imposition of disclosure of private data, provision for the goal of risk minimisation, and increased individual contributions.

Domination through contingency does not see society as a space that arises from homogenous life relations. On the contrary, heterogeneity and chance are its basis. Nevertheless, these result in statistically comprehensible distributions. Clusters can be formed that correspond to specific normality expectations. If deviations occur (protests, illnesses, infections, dependency, migration, armed conflict), state apparatuses transnationally become active and form networks (transnational prisoner and migrant camps, military operations, police, information and monitoring systems, medical controls, hygiene measures). With technical control and regulation of deviations, even authoritarian solutions are accepted.

This pattern of domination by and through contingency is associated with a new regime of accumulation that views stable practices as a limitation of the dynamic of valorisation. It is based on the dynamisation of consumer demand and a correspondingly flexible and specialised form of production in commercial enterprises, based on market logic. To this belong the establishment of profit centres, the introduction of benchmarks and so-called best practices, flexibilisation and longer working hours, the division of the workforce into core labour and those in precarious employment (temp work, part-time, ‘mini



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jobs’). Information techniques, a new logistics, low transport costs and the politically driven liberalisation of markets allow the transnationalisation of value chains. This makes it possible to exploit differences in taxation, wages, productivity and social and environmental standards. A worldwide labour market opens up for capital, for the appropriation of surplus labour. An already skilled workforce can be exploited without the companies having to bear the costs that ensuring a suitably qualified labour capacity would imply. The global labour market itself develops dynamically, because in many regions the population is about to be proletarianised and is migrating from the country to the cities. This includes internal migration in countries like Turkey, China, India, Thailand and Brazil as well as migration from the periphery to the centres of the world economy (from Africa to Europe, from Central America to the US).

This dynamic, however, does not tie up the money capital circulating to a sufficient extent. For the goal of capital valorisation, new realms of nature and society are also given a monetary value – that is, they are subjected to capital valorisation. This includes very different processes. Services that were previously in the hands of the state are privatised. This involves public infrastructure such as water, roads, telecommunications, energy and public transport, as well as public care services such as childcare, education, health, and care of the elderly. The arguments are always the same: state money represents subsidies; these discourage institutions from confronting competition, preventing efficient organisation, blocking innovations and crippling the initiative of individuals, who have no stimulus to orient themselves differently. Correspondingly, public services are downsized and large numbers of employees are fired from the public sector or subjected to the capitalist labour market through privatisation (precarious employment, achievement-oriented rewards, longer working hours, reduced quality).

But it is not only what previously was under public control and removed from the market that is now commodified. Capital also takes over the pioneer function by opening up entirely new organisational spheres of valorisation. Think, for example, of genetic resources for pharmaceutical, medical and agricultural purposes, of reproductive health, of the development of renewable energy, of the development of the seas.

The large amount of money capital circulating (petrodollars, savings, pension funds), as well as the decline in the productivity rate and lower profitability, have led to a search for new spheres of investment. Lib-

eralisation and deregulation were introduced in order to achieve this, thus making currency speculation, stock market transactions or derivative markets possible to a great extent. The paradoxical effect is that even more money capital is now available and looking for profitable investment opportunities. The decline in corporate and asset taxes reduces the state's possibilities of linking financial resources in the long term to public infrastructure. Private households are required to invest in health and old age care. Savings and other provisions, above all in pensions, as well as the financial assets of private individuals and money capital, are concentrated in institutional investors and funds that have to invest this money in order to earn interest. At the same time, however, in trying to achieve this goal, they encounter worsened conditions for real economic production and reproduction, since long-term investments are less rewarding. They thus invest money in shares and drive prices up, speculating in foreign currency and dealing in high-interest credit. A casino-esque type of activity emerges. National economies such as Germany's show a reduction in the investment quota. All the way to the middle-sized enterprises, there is an attempt to increase profit through the investment of money capital in the form of interest. Enterprises and their individual component parts are assessed according to the perspective of shareholder value. This means that the company's estimated profits are based on expectation of interest. The enterprise is itself valorised and becomes an object of transactions on the financial market: it is broken up into value-related component parts (real estate, production branches, knowhow, patents) and sold, according to market dynamics. In individual cases this type of accumulation can en-



Savings and pensions, financial assets of private individuals and money capital, are concentrated in institutional investors and funds that have to invest this money in order to earn interest. They encounter worsened conditions for real economic production and reproduction, since long-term investments are less rewarding. They thus invest money in shares and drive prices up, speculating in foreign currency and dealing in high-interest credit. A casino-esque type of activity emerges.

able a tenfold or hundredfold increase in the value of the company's capital; since, however, the total economy on average only grows a few percent, this means that this growth can only be achieved at the cost of other market participants (that is, a devalorisation of capital and its claim to a share of the total profits).

Since the 1990s, the money form – that is, credit and interest – has become predominant over industrial and trade capital; finance capital is taking hold as the dominant sector in the power bloc on a transnational level. The expectation was nourished that there could be a new finance-dominated regime of accumulation, with self-supporting growth and new forms of participation and compromise. There has been accumulation through dispossession, but there has nevertheless been no coherent regulation pattern. For the assumption that diffusion of share ownership stimulates consumption, that consumption in its turn leads to fiscal surplus and growth of industry, whose profits in their turn are invested and increase the value of the enterprises, has not been confirmed. The enterprises have invested less in technologies, research and development, because long-term capital investment appeared less lucrative than short-term operations on the financial markets. Lower- and middle-income households, which are the driver of mass consumption, clearly owned fewer shares than the small number of wealthy households. Consumerism, above all among the American population, was financed by credit. The demand for shares, by institutional investors in particular, led to their overvaluation and to the formation of a speculative bubble at the beginning of the millennium. With the dotcom crisis, the crisis process touched for the first time the centres that had managed up until then to shift the devalorisation of capital by means of speculation to other regions (South East Asia, Central and Latin America, or Russia). Money capital, still searching for valorisation even after the crisis, saw a solution in giving more credit to consumers. Between 2000 and 2004, US household mortgages increased in value by US\$ 3 trillion. The expectation was that workers' budgets would satisfy the profit expectations of the finance industry through paying back interest. When this did not occur to the desired extent, low-risk and high-risk mortgages were mixed together and sold as an investment product. Forty per cent of these credits are tendentially no longer worth as much as supposed. Nevertheless, it is not only a question of these debts, worth an estimated US\$ 1.5 trillion. House owners used the rising value of their house and mortgages in order to get other credits for consumption (and the bank had the asset of a presumably valuable house).

Additionally, there are credit card risks. Moreover, it is unclear how many structured financial market products with less value than expected are still in circulation. Credit default swaps alone, with which companies secured themselves against speculation risks, are estimated at a volume of US\$ 62 trillion – a much more extensive property title than could ever be honoured. Thus were laid the foundations for the crisis in the housing market and the reduction of consumer spending that since the summer of 2008 has been convulsing the economy, even in the centre, and whose consequences in the face of the property titles still in circulation are not yet foreseeable. Trillions of dollars and euros have already been written off; the probability that an even greater amount of capital will be destroyed is not small. The leading capitalist states are attempting to guarantee the property titles of the accumulated capital in its totality. Thus, trust between banks should be created so that they lend each other money; equally, trust is needed to discourage people who have money assets from withdrawing all their savings in a panic and thus further reducing liquidity; finally, also to be avoided is a credit squeeze which would make refinancing difficult or even impossible for many companies, forcing them to file for bankruptcy. The leading states together granted two to three trillion dollars and euros for the direct rescue of banks and for the support of financial institutions in the autumn of 2008. They reduced interest rates in order to provide liquidity and implemented economic recovery programmes. In some states, these political support actions were linked to partial state takeovers of the banks; in others, the state only imposed conditions (regarding the size of management salaries, or dividends). Altogether, the states have obliged themselves to take over financial market risks that could force even economically strong states into bankruptcy.

The crisis interventions by the state, which signify a break with neoliberal dogmas, were not welcomed by neoliberals in the economy, politics or the press. The bourgeois camp has not been in agreement about how to interpret the situation. The refusal of any state guarantee, coherent with the ruling order, and the demand to allow even banks and funds to go bankrupt does not have a majority. The attitude prevails that states should help, once there is a crisis, in a similar way to how medicine is administered during sickness. But when the crisis is over, they should then withdraw. Thus the position of the French President Sarkozy is rejected: he demanded the state takeover of commercial enterprises in order to protect them from – foreign – financial market actors, and would like to see the financial market strongly regulated. But even beneath such strong declarations we can clearly recognise the tendency to regulate the financial market. What

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is unclear is the extent. Does this mean that the state is back and neo-liberalism is now over? Finished due to its own dynamic, not due to external left-wing opposing forces. Will the bourgeois camp follow a new postneoliberal politics? Has the neoliberal phase of capitalist accumulation reached its end and is capitalism now entering a new phase? Is it such a fundamental crisis of capital, the capitalist mode of production in its totality, that the task could fall to the left – for which it is in no way prepared at the moment – of organising the transition to a new mode of production? It would be somewhat paradoxical: the left, which has so often talked about how the final collapse of capitalism, is hesitating to place this current crisis alongside the crisis of 1929 or even to see it as a final crisis (cf. Rilling 2008). But a series of crisis factors come together: the financial market crisis, which contains the risk of state bankruptcy and contributes to a deep and enduring recession of the world economy; collapse of industrial sectors, unemployment, deteriorating living standards of the wage workers – with all of the consequences also for the countries of the South: increase in poverty, less revenue, increased migration and so forth; military entanglements that turn out to be unsolvable; an energy crisis that has become deeper because, although the the need for action was known, valuable time was lost in the last decade for developing new sustainable energy systems; environmental catastrophe; crisis of research, innovation and education; collapse of public infrastructures. The neoliberal propaganda of wanting to produce justice for the future generation by not burdening it with state debts now turns into its opposite – the future of many people is gambled away.

The bourgeois camp is irritated and insecure. That is obvious. However, what the states have undertaken up until now occurs in the context of neoliberalism itself. What are supported are the banks and funds, not the consumers, not those who take credit. In Germany,

Chancellor Merkel guaranteed all deposits. No upper limit was drawn and no progression was introduced, which allows a certain amount of losses to be taken on that were actually capital losses, which would only affect a few rich and very rich people. This crisis was immediately exploited by cold-blooded actors for the appropriation of public money, for the destruction of capital and for the monopolisation of businesses and banks. There is thus much to be said for the assumption that financial market actors have used the crisis as a further form of plundering of the public budgets, of the taxpayer and consumer.

Should we therefore say that the state has returned to the role of strong regulator because it has to take over the role of the ideal total capitalist in the crisis? That would be mistaken. The state was in no way absent (cf. Rilling 2008). Rather, the state was much more involved in the implementation of the politics that were pursued by the dominant sector – finance capital – and led to a multiplicity of legal changes and measures that have successively increased the economic power of this sector since the beginning of the 1990s: deregulation, privatisation, reduction of administration, strengthening of enforcement deficits, extension of repressive mechanisms. In the current crisis it is emphasised that the state will continue to govern not against but rather with the market laws. Nevertheless it is to be supposed that forces within the state will be moved and the state must be governed in another way. For the bourgeois camp in Germany had to admit that, despite all the early announcements that Germany was not touched by the crisis, it cannot protect itself from the crisis dynamic on a national basis. The dynamic of the financial market obliged the government, like other states' governments, to develop means of crisis control or to take them over from other states – because it required adequate instruments or because competition made it necessary, for the rescue programmes and reduction of interest rates work *de facto* like state subsidies. The tendencies towards new international and transnational solutions are unmistakable when states guarantee the securities of companies and banks of other states or jump in with direct measures of support. The looming recession is also cause of much concern to German business, which is strongly oriented to exports and attaches little significance to internal demand (even though with 55 per cent it has a higher share in internal demand than exports). At any rate, the state takes up the interests of industry only partially. It cannot be said that the state is the ideal total capitalist that supposedly considers the interests of all parties. The predominance of financial capital remains. Broad economic growth programmes have not yet been proposed.

Neoliberalism had already arrived long before the renewed increased in the dynamic of crisis in the summer months of 2008 at a point where it was no longer able to pursue alone a politics of destruction – that is, of liberalisation, deregulation and privatisation. There were efforts at new alliances but such efforts were not successful. Too many crisis elements came together: negative investment development, unemployment, impoverishment that reaches from the level of the working class to the level of parts of the middle class, worsening of the life situation of workers due to low wages, longer working hours, and intensified pressure to improve performance at work; the cutback of expenditure on education and professional training contributed to a lack of qualified labour-power – there were problems in research and innovation. In Germany, against all expectations, this was the basis for the formation, with the party of the left (the *Linkspartei*), of a politically influential actor that currently (still) gains much support from the social movements. This makes it possible for the first time in a long while to speak even in public, outside of small leftwing circles, of alternatives to capitalism. The bourgeois parties are to a certain extent making efforts to pay attention to interests from below, through a series of individual measures. The financial crisis further increased the pressure to pursue a politics of concessions; at the same time, however, any demand for the production and guarantee of public goods for all can be rejected now with reference to the crisis. The burden for future generations is even greater. The substance of politics has not changed at all. Efforts to change the social laws put in place under the so-called red-green government of the social democrat Gerhard Schröder have not yet been successful. Despite all the rhetoric of securing education and training, despite the defeats at the polls that to a large extent are due to the unequal developments in the field of education, neoliberal education politics remain in force. Unemployment and precarious work conditions continue to be unmentioned, the facts of poverty are denied. The tendency for employment relations to be ever more precarious has not changed. Energy politics is not undergoing the radical transformation towards the construction of a decentralised provision of solar energy that would be necessary to stop the dynamic of global warming and disempower the classical energy companies. Worldwide poverty, which is increasing in the crisis, is not being combated with greater efforts. What is needed is regulation of the financial markets (introduction of taxes for stock exchange transactions, capital gains tax, progressive taxation of large assets, currency regulation), extending the field of education and stimulating long-term demand with a public investment programme to deal with the crisis and bind capital. Instead, what happens is that incentives are given even in the crisis for superannuated forms of indi-



What happens is that incentives are given even in the crisis for superannuated forms of individual consumption, which at best have a short-term effect and barely take money away from the financial markets.

vidual consumption, which at best have a short-term effect and barely take money away from the financial markets.

These are provisional indications that the phase of neoliberal structural transformation of capitalist social formation is not yet over. Nevertheless, a change of strategy is occurring, even though the bourgeois actors do not acknowledge the meaning of the crisis and believe that it will be over in a few months. They want to begin again, as soon as possible, the profitable speculative financial transactions enabled and supported by the state. The dominant capital sectors and groups see the necessity of a certain degree of regulation of accumulation on the financial markets, since the increased frequency of crises and their depths are just as little unrecognised as the fact that there is no longer economic restoration after crises due to their quick rhythm (cf. Candeias 2008). Domination by and through contingency is modified and extended, and the crisis itself takes on a new meaning: it becomes a governmental technology that is implemented in order to destroy capital strategically and to appropriate public spending by finance capital. This also determines the future political struggles, for it will be a matter of determining who decides which money capital is destroyed in what way: inflation, small savings, assets of the rich, speculation against developing countries. The relation between capital sectors, between productive and financial capital, is being rebalanced. For companies in the productive field, the financial crisis has a series of negative consequences: the buying power of consumers sinks, exports fall, extending credit becomes more difficult. How productive and financial capital should be newly arranged is certainly not clear; crisis-ridden de-industrialisation processes are probable. In relation to the subaltern classes, there will be a stark polarisation – that is, an even stronger denial of reality and an energetic claim of normality by the ruling classes. This means that the possibilities of politics of consensus will become weaker and that politics of compulsion, combined with domination of contingency, will increase. For the subalterns, this means, alongside a deterioration of their life situation, the possibility of perceiving themselves as an autonomous social force who claim their own view of things and must define the order of things according to their own power. That isn't a bad precondition for fundamental transformations of the dominant mode of production.

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Postneoliberalism from and as a counter-hegemonic perspective¹

Nicola Sekler

The Exhibition Centre of the City of Buenos Aires, November 2007. More than a hundred so-called *empresas recuperadas* (recovered enterprises²) are displaying their products in an exhibition organised in cooperation with the ministry of labour, employment and social security. The occasion could be described as a mixture of a political event and a trade fair. In addition to the market stands, where the enterprises show their products and give information about their struggles to finally and legally take over the assets, there is an auditorium with lectures on quality management, technological and managerial knowhow, ‘best practices’ and other themes, a cinema showing movies about specific take-over struggles, and a business zone – only accessible to those who have an appointment – where business people can organise round-tables in order to agree on further (economic) cooperation.

Greater Buenos Aires, December 2007, in one of the many settlements lacking basic infrastructure and services. Members of one of the so-called *piquetero*³ organisations (unemployment organisations) are constructing a new *centro de salud* (health centre), the old one having closed a few years ago. However, the aim of this centre is not to take on the activities of the former health centre, for which state agencies were responsible, but – pursuing an integrated approach – to provide an advisory service for neighbourhood communities with respect to nutrition, prevention programmes, environmental damage and how to deal with it, and courses on alternative medicine. It is lunchtime: José and Rodríguez are serving lunch, Carla stops doing the plastering work, Marina switches off the cement mixer, and so on. After lunch the next steps are discussed – all group members are keen on completing construction works as soon as possible in order to start the activities.

1 I would like to thank Ulrich Brand and Thomas Heine for helpful comments on this contribution. Special thanks go to all the *ghost thinkers* – mainly living in (Greater) Buenos Aires – who shared their ideas, interpretations and experiences with me.

2 The phenomenon of *empresas recuperadas* (or *fabricas recuperadas*) encompasses a wide range of quite different business facilities from all sectors of the economy including gastronomy, supermarkets, hotels, the metalworking industry, transportation, and so forth. In the following I will use ‘enterprise’ as a general expression.

3 From the word *piquete*, meaning ‘road block’ – the typical type of action used by these organisations. Along with the political positioning and identity struggles of the different *piquetero* organisations a huge discussion took place about whether their members could be characterised as unemployed people, unemployed workers, in the sense of referring to a worker’s identity, and about working relations and their implications in general. Moreover it is important to add that parts of ‘the’ movement never identified themselves with the term *piquetero* – given to it from outside – because of the unifying moment for such a heterogeneous group. In order to take account of the heterogeneity and plurality within the *piquetero* movement – as it is often called – I decided to use the terms ‘unemployment organisations’ and ‘*piquetero* organisations’.

What do these two scenes have in common? Are there any linkages between recovered enterprises and *piquetero* organisations? What are their respective approaches? Where do they come from and what are their objectives or ambitions?

To answer these questions I will introduce some theoretical reflections. Starting with Antonio Gramsci's concept of hegemony and an elaboration on a Gramsci-inspired counter-hegemonic perspective this contribution will deal with the question of whether, how and in what sense 'postneoliberalism' could be a worthwhile analytical perspective on counter-hegemonic struggles. The idea is to approach the subject of 'alternatives' through postneoliberal lenses and show the continuities and discontinuities. The two examples mentioned illustrate how different these *postneoliberal* approaches can be, although born out of the same national context and taking a similar starting point. This heterogeneity represents one reason why I will conclude by arguing against the use of the term *postneoliberalism*, politically and strategically.



Antonio Gramsci
January 22, 1891 – April 27, 1937.

Postneoliberalism as a counter-hegemonic perspective

In a Gramscian tradition, hegemony is not merely based on class domination, repressive forces and institutions or – at the international level – exercised by one nation; nor is it only constituted and consolidated within traditional political institutions and at the national level. Instead, hegemony can be characterised as procedural and consensus-based as well as established and questioned at multiple levels and even through everyday practices (see, for example, *Gef* 4: 499, 6: 783, 13: 156off.).

Often, and even in a Gramscian tradition, the notion of hegemony has been used mechanically or descriptively to determine the solidity of a given hegemony, or analogically to question the effectiveness of hegemony. Instead, I would like to stress the procedural aspects of creating and negotiating hegemony.

Hegemony should be understood as being deeply anchored in civil society, which in turn can be identified as the socially determined 'sites' for disputes over hegemony, social struggles over interpretations and 'truths', and institutionalised political, economic and cultural forms of social structures and processes – in short, sites for the stabilisation and the questioning of hegemony. However, Gramsci's understanding of civil society as a concept as well as the 'consensual' character of hegemony neither suggests – as normative or liberal civil

society concepts do – that civil society is something without power structures, nor that civil society or civil society organisations are ‘progressive’ as such. A central insight and an added value of a Gramscian perspective is precisely that civil society actors are seen as socially constituted and embedded, contributing through various practices and strategies – at the same time – to either stabilising or destabilising aspects of hegemony.

Now, being more explicitly about the consent-based character of hegemony, two aspects have to be stressed. First, hegemony based on consent does not mean that social groups or individual subjects generally and actively agree on everything. Forms of acceptance could be active or passive, and even apparent coercion could be exercised on the basis of social consent (for example the politics of ‘democratic security’ in Columbia, or forms of sexual and domestic violence against women).

Second, the idea is not that every ‘negotiation’, agreement or disagreement is performed consciously. Rather, hegemony must be thought of as ‘practices which are immanent to the living and working conditions’ (Adolphs and Karakayali 2007: 123). Thus, (parts of) hegemony or hegemonic rules are reproduced – consciously or not – in everyday practices, in seemingly private or public relations. The most ‘plausible’, ‘normal’ and thus unquestioned relations and interpretations correspond to the structural or most prevailing aspects of hegemony.

The multifaceted relationship between the existing hegemony and attempted *counter*-hegemony can be described through a reconceptualisation of Gramsci’s notion of a war of positions, entailing the assumption that profound social transformation is not possible via a sudden breakdown but rather by a complex process (Gef 8: 1051):

That means ‘other worlds’ (Zibechi 2006: 124) are shaped over a long period of time, in sometimes contradictory, molecular search processes leading to changes in everyday consciousness and engendering a breeding-ground for ‘a different view of things’. Restrictions on these experiences and struggles arise not only from obvious limitations or cooptation attempts from those defending existing hegemony but also from structural aspects of hegemony anchored in everyday consciousness as ‘normality’.

As a result of these reflections, postneoliberalism proposed as a counter-hegemonic perspective⁴ can be described as highlighting the following aspects:

First, neoliberalism – or any other social formation – can be regarded as a specific setting of social relations – racial, gender, economic and family – and practices shaped by a particular logic, which in the case of neoliberalism is a market-driven one. Both the social relations themselves and the way of organising these relations can be questioned and challenged at many sites and in different ways.

Second, although counter-hegemonic practices, strategies and projects, whether limited in scope or far-reaching, often uniformly take neoliberalism as their point of reference for developing alternatives, they in fact address very specific problems or impacts. The degree of rupture with ‘the old’ varies greatly, and alternatives do not break with all aspects of neoliberalism at once. In the end, even if they are intended to, not all counter-hegemonic practices challenge institutional and state policies (Zibechi 2006: 125) or all aspects of normality; more generally, such practices may only partly challenge the structural and consolidated moments of hegemony.

Third, from the actor’s point of view, looking through postneoliberal lenses means asking: where do they break with hegemonic relations, and where not? What are the alternatives? Where are the contradictions in everyday practices and struggles? Which contradictions do they consciously work on, and which remain unquestioned because of the degree of normality? And so on. Considering the continuities and discontinuities with ‘neoliberalism’ also means asking about the limitations of ‘post’ elements which can be found either in what I call ‘normality’ or – more generally – in the structural moments of the social context, including juridical limitations as well as settled values and interpretation patterns.

Fourth, the reconstitution of hegemony and the establishment of counter-hegemonies in the sense of alternative institutional and everyday practices occur at the same time, on multiple levels, and at countless points, thereby creating a plurality of political spaces and struggles. Just as neoliberalism cannot be regarded as a monolithic block, but as (re)constituted in different contexts, postneoliberalism or the respective *counter*-hegemony has to be considered as ‘under

4 In another contribution (together with Ulrich Brand) we tried to grasp the process of destructing hegemonic relations and constructing counter-hegemonic relations with the help of a so-called *deconstructive perspective* (Brand and Sekler 2009).

construction' (Borón 1999: 135), as constructed by many postneoliberalisms.

Postneoliberalism(s) from a counter-hegemonic perspective

In the following I will expound in more detail and from the proposed counter-hegemonic perspective on the two examples described at the beginning of this article. Both *piquetero* organisations and the movement of recovered enterprises emerged in the mid-1990s in a neoliberal, Argentinean context which can be characterised by a high degree of deindustrialisation due to deregulation and international competition, resulting high unemployment rates and state institutions privileging international credibility rather than measures of social redistribution, which in turn resulted in a striking shrinkage of the middle class and an impoverishment of the masses (for a general discussion see Sader and Gentili 1999, Svampa 2005). Nevertheless, the *postneoliberal* experiences and practices of these two groups of actors are very different because of the very specific 'neoliberal' contexts and experiences they address.



The workers broke with the normality of hierarchical working relations, starting 'to think again' and to organise production themselves.

Occupying and taking over production sites – at this time – was primarily a spontaneous direct action aiming at saving the workplace and justified by fundamental breaches of labour laws by owners and management (who were not paying salaries or overtime). In most of the cases, initially, this was neither necessarily politically motivated nor fundamentally orientated against property or capitalist production relations. Instead the intention was simply to enforce the payment of salaries, thereby defending decent working relations where both parties fulfil their responsibilities. At the point when they recognised that a negotiation with the (former) management was not possible any more they started to question aspects of the 'normality' of working relations. Step by step and with the help of externals⁵ the workers broke with the normality of hierarchical working relations, starting 'to think again' (Zibechi 2006: 144) and to organise production themselves, thus demonstrating their own abilities (generally see Rebón 2007; Ruggieri 2007; Magnani 2003).

Today almost 200⁶ enterprises from different sectors can be subsumed under the heading of recovered enterprises, all with different experi-

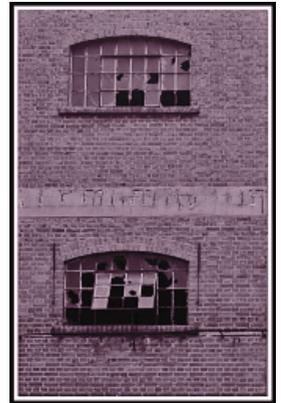
5 Elaborated in Rebón 2007: 75ff.

6 Figures vary enormously, depending on whether the self-organised enterprises, which have not been directly taken over by the employees, are included or not.

ences in terms of take-over struggles, state policies,⁷ resulting financial and legal situations, competition and market experiences, organisation of the working process, and so forth. Despite these different, individual experiences some general characteristics can be identified: all recovered enterprises are legally organised as cooperatives⁸ – a formal condition to start the process of expropriation; most of the workers reach fundamental decisions in plenum and have special delegates for special tasks, which are accountable to the plenum and can be voted out at any time; and in most of the enterprises workers draw the same salary, with additional payments for those undertaking special tasks.

In addition, one part of the recovered enterprises from the outset formed part of a wider social context. These solidarity structures were born out of the positive experiences of the take-over struggles and the support received from the neighbourhood assemblies, and are still in place in most cases. In particular, recovered enterprises provide space – free of charge – for societal projects like cultural events, popular education, exhibitions and evening school (for children and adults) and participate in neighbourhood activities (Rebón 2007; Ruggeri 2005).

One of the most urgent problems identified by recovered enterprises today is market competition in a continuing capitalist market. One way of coping with this challenge is broadening cooperative ties – politically and economically. Besides the aim of showing the contribution of the enterprises to the ‘national’ economy one of the goals of the exhibition, *Empresas Recuperadas por los trabajadores*, was to network with others. This was not without tension: there was a huge discussion in the run-up to the exhibition about whether cooperating with the government in this case ran the risk of being coopted by state institutions, although most of the recovered enterprises have pragmatic relations with state institutions, public funding bodies,⁹ and so on. Another expression of the attempt to find new associates in order to cope better with the requirements of the capitalist market is



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7 Provincial governments are responsible for legal and financial aspects; this is elaborated in Magnani 2003: 88ff.

8 Even Zanon, the most determined example of workers trying to obtain nationalisation of their factory, had to agree to form a cooperative in order to start the process of expropriation.

9 It is difficult to refer to the question of financing in general, because different factors are crucial in each individual case: local governments, public funding, donations, private credits between already-established recovered enterprises (as aimed for in Rosario).

the recently established FACTA (Federación Argentina de Cooperativas de Trabajadores Autogestionados – Argentinean Federation of Self-Managing Workers’ Cooperatives).¹⁰ Besides campaigning for a national law of expropriation to replace individual and precarious solutions this federation aims to improve networks between recovered enterprises and other self-organised companies.

I will now give a short overview of the second experience in order to reflect the counter-hegemonic postneoliberal content:

Piquetero organisations also emerged in the mid-1990s in Argentina out of a shared experience of being ‘out of work’ and socially disintegrated. At least from the outside, one of the most visible similarities between these organisations was their typical form of action – that of using road blocks (*piquetes*) – as a result of which they achieved state subsidies in many cases. Despite these commonalities the background of *piquetero* organisations differs considerably and – with reference to their origin – can be divided into two strands. The first strand – chronically – emerged in 1996/97, out of the struggles against privatisation of the oil industry, and the consequent dismissals of formerly privileged workers with long-term stable and normal working relations in the inner regions of Argentina (the states of Neuquén and Cutral-Co). In contrast, the second strand, in the Buenos Aires region, built on territorial organisational structures born of land struggles of the 1980s. Here, workers have in common a long history of unemployment – because of a former deindustrialisation process in the 1970s – impoverishment, and thus continuing marginality. Later, other strands of *piquetero* organisation developed out of various existing territorial and political structures (see, generally, Oviedo 2004, Svampa and Pereyra 2005).

Thus, what is often described today as a serious fragmentation of *piquetero* organisations was caused only partly by the successful cooptation of relevant leaders of some of the *piquetero* organisations by the government of Néstor Kirchner in 2003. Partly it is also the differences in the ideological and political-strategic orientations, including organisational and decision-making structures of *piquetero* organisations that demonstrated a plurality from the outset.

A small part of the second strand – sometimes characterised as ‘autonomous’ – had aspirations that went well beyond the goal of securing wage labour and integration into the ‘normal’ system. Start-

¹⁰ www.facta.org.ar

ing by questioning labour relations as hierarchical and alienated, state subsidies are consequently used to establish alternative, co-operative and self-organised forms of enterprises as well as basic supply within the neighbourhood. Besides obvious political interventions like using *piquetes*, political practice for them was also always their own process of re- and self-organisation. This was accompanied by fundamental questioning of social relations like the patriarchal division of labour, which aimed to change society and social structures from below via basic democracy and horizontal forms of organisation (see MTD Solano and Colectivo Situaciones 2002).

As a consequence, moving back to local activities in the neighbourhoods after 2003/2004 does not in this sense signify a ‘withdrawal’ from politics, or even resignation, as some interpret it in the context of the fragmentation argument. Rather, it was the acknowledgement that the fast growth of their organisations was preventing them from realising their own principals and that reconstructing social relations needed more time as well as a deepening of their own social structures and experiences. As the episode described at the beginning shows, this group of 8-10 people has, besides the concrete project of constructing a health care centre, another, more ‘radical’ and long-standing project: reflecting and deconstructing gender relations. Moreover, other relations like family relations and responsibilities are questioned; for example, they care for and support autistic children collectively in a ‘working group’.

What does it now mean to consider these postneoliberal approaches from a counter-hegemonic perspective? Concerning their specific neoliberal context: what are the continuities and discontinuities in the two illustrated approaches? What are the limitations of these postneoliberalisms or which kinds of relations remain unquestioned? In sort of a conclusion I will briefly sketch some of the relevant aspects.

A considerable limitation of the postneoliberal approach of recovered enterprises has often been seen in the fact that these enterprises are largely integrated into the production and distribution chains of capitalist markets (Geiger 2006). Being in the midst of capitalism, exposed to the capitalists’ logic and market constraints, often leads – so the further argumentation goes – to self-exploitation rather than ‘self’-determination vis-à-vis working conditions. This is certainly true. However, such a general view on recovered enterprises movement neglects, first, that there are attempts to escape the market logic at least partly by establishing forms of solidarity networks. In Rosario (Santa Fe), for example, the recovered enterprises joined forces in an

institutionalised round table where future projects are planned. These are: a foundation where new recovered enterprises can get credit under more favourable conditions; an area specially reserved for recovered enterprises within the newly planned industrial park in Rosario; a special study programme to be established at the University of Rosario on the issue of solidary economy, special supermarkets where mainly products from cooperatives shall be distributed; and so on. Second, the capitalist logic argument overlooks the fact that working relations – including former existing hierarchies, and with these a certain kind of ‘normality’ – were questioned and reorganised. This is especially worth mentioning because – as Magnani shows in a detailed analysis of everyday changes initiated by the process of take-over – even if workers of self-organised enterprises spend a lot of time at the workplace, most of their further social relations and their surroundings are (still) deeply shaped by a different, unchanged reality/normality. As shown by discussions about the rights of new members of the cooperatives and the amount of salary they should receive, it is difficult to broaden the newly adopted ‘normality’ and transfer it to the outside. Solidarity and reorganisation of social relations seem to be strongly linked to those who participated in the take-over struggles. Gender relations are mostly part of normality and are still only reflected in special circumstances. In addition, in a fairly comprehensive survey Rebón discovered that racist attitudes remained mainly unquestioned by workers of recovered enterprises when nearly half of the interviewees indicated that foreign workers were responsible for the bad working situation in Argentina (Rebón 2007: 85).



Piquetero: from the word *piquete*, meaning ‘road block’.

The example of the cited *piquetero* organisation shows that the members question many facets of social relations and try to overcome hierarchies and inequalities by consciously working on their everyday social practices and relations. As such, the way of questioning social relations in depth goes far beyond *neoliberalism* in a restricted sense. Besides the health care centre that the working group is building there are other projects following the same ‘principles’, such as a community garden and working groups with young people. Thus, ‘going back to one’s roots’ allows those participating in the activities to deepen their ‘emancipatory’ experiences. Restrictions can be observed on the one hand in the fact that this social transformation from below takes place in quite a limited space (socially and territorially), involving only a small number of people. However, and by means of state subsidies, the structural moments of state institutions and policies are always present as a dependent variable. Drawing on the discussions of how political social or territorial work is, they have even started to ask themselves whether this is still working politically or

not. However, participation in new projects and new, issue-specific forms of networks outside the realm of *piquetero* organisations and beyond international reach are already under way.

*Postneoliberalism as ‘many no’s, many yeses’?*¹¹

Using the term postneoliberalism as a counter-hegemonic analytical perspective allows us firstly to raise our awareness of the reference system of alternatives. *Postneoliberal* alternatives are not detached from their context. When negotiating alternative approaches actors have to refer to their concrete experiences, which – assuming a neoliberal hegemony – are in one way or another shaped by neoliberal characteristics. This is even true for alternative emancipatory approaches and practices that existed before neoliberalism’s road to success or for those struggling from the outset against a neoliberalisation of their context. This means, even if one detaches oneself from certain aspects of neoliberalism the reference system represents neoliberalism – in all its varieties and contradictory facets.

Against this background postneoliberalism as a counter-hegemonic analytical perspective constitutes a category in order to shed light on ‘post’ elements and neoliberal ones. Secondly, this encourages us to have a closer look at the continuities – which aspects are not questioned and thus reproduced – and the discontinuities – that is, those elements that the alternatives refer to and try to overcome. A postneoliberal analytical perspective does not limit alternatives to challenging ‘typical’ neoliberal relations. Instead, and as the example of the ‘*piquetero* approach’ shows, some sort of crisis can be the starting-point for questioning social relations much more deeply, more generally, going far beyond social relations shaped by neoliberalism.

Thirdly, and as a consequence, postneoliberal approaches face a necessary imperfection. Challenging former social relations and practices signifies a process, in which – step by step – old elements have to be disarticulated and new ones established. Accordingly, and as discussed above, ‘postneoliberalism’ consists of many different postneoliberalisms – that is, multiplicity rather than unity characterises the term as proposed.

11 Referring to Kingsnorth’s ‘one no, many yeses’ (2004) and the idea of Louise Amoore that the ‘no’ also has to be differentiated and problematised because ‘the certainty and lack of contingency present in the claiming of an absolute “no” will necessarily foreclose the possibility of multiple and contradictory “yeses”’ (2006: 258).

Out of these considerations I will briefly discuss the question of whether it would be worth promoting progressive debates under the heading of ‘postneoliberalism’. To my mind there are at least three reasons against using ‘postneoliberalism’ strategically and politically, from (what aspires to be) an emancipatory point of view.

First, and most generally, there is the problem of a discursive and non-emancipatory co-optation of the term postneoliberalism. As experienced recently, in times of serious crises of neoliberal financial policies, everybody is calling on the state power to take on its responsibility and ‘domesticate’ neoliberalism. Beside the fact that only very specific parts and relations of neoliberalism are questioned, and the reregulation will in the end result in a neoliberalism with a human, sustainable, face, I would like to stress another aspect. Through an appeal to the state and the corresponding political leaders the whole problem-solution ‘structure’ is cemented. Official politics and policies are responsible for the crisis and they have the power to change it. In this discourse – even if assignments are radical – neither on the problem nor on the solution side is the anchoring of neoliberal ideas in (everyday) relations, practices and consciousness taken into account adequately.

Secondly, using postneoliberalism politically and strategically runs the risk that discussions always centre on the question of whether something can be considered as ‘post’ or not. On the one hand this refers to a normative background on which a judgement is made as to what is already good and revolutionary enough to really oppose neoliberalism and what is still too much in the neoliberal logic, which – as the case of recovered factories shows – often implies a strong tendency to simplification. On the other hand it always results in a focus on the differences of approaches and perceives those differences as shortcomings and weakness.

Thirdly, promoting alternative approaches under the heading of postneoliberalism runs the risk of homogenisation – now homogeneous neoliberalism, then (aspired-to) homogeneous postneoliberalisms – which entails the normative assumption of (a possible) unity and universality. Discussions about fragmentations as in the case of the *piquetero* phenomenon as well as in the case of recovered enterprises always start with the conviction that first of all there was a common starting point and then – determined by ever-existing historical certainties about how different political/strategic approaches develop – the fragmentation process will start.

In contrast, and from the viewpoint of the proposed postneoliberalism as a counter-hegemonic perspective, a ‘realistic’ view would be to accept from the beginning a plurality without having unity and unification and also catch-all approaches as the underlying assumption. Drawing on Kingsworth and Amoore I will try to grasp this plurality with the slogan of ‘many no, many yeses’. Even if there seems to be a common no – as, for instance, the common saying ‘Que se vayan todos’ (‘They all must go’) in Argentina 2001/2002 suggested – this no could represent a reference to different impacts of neoliberalism, to different ‘neoliberalised’ social contexts and ‘normalities’ and the starting point for varying *postneoliberal* approaches. Looking through postneoliberal lenses raises our awareness of continuities and discontinuities with respect to the existing social context of challenged and unquestioned ‘normalities’ in the many postneoliberalisms under construction.



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Postneoliberalism or postcapitalism? The failure of neoliberalism in the financial market crisis

Elmar Altvater

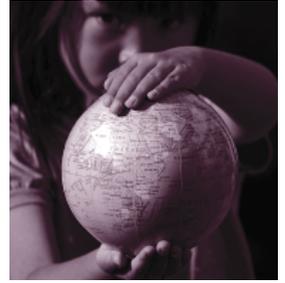
The rise of neoliberalism that began in the 1970s was first and foremost a consequence of deep, even ‘revolutionary’ changes in the world economy. The ‘revolution’, however was a ‘passive’ one, ‘transformism’ in the sense of Antonio Gramsci’s term: it strengthened capitalist hegemony by means of an all-encompassing transformation of the social, political and economic system from ‘above’ – that is, steered by the dominant social and political forces. Market liberalisation was accompanied by a far-reaching deregulation of politics. Milton Friedman called it a ‘neoliberal counterrevolution’ against Keynesianism. It was a success and started its triumphal march around the world. In the 1970s the ‘Keynesian environment’ of the era after World War II literally broke into pieces and the new ‘neoliberal’ epoch took off.

It began with the end of the Bretton Woods system of fixed exchange rates in March 1973 and the following liberalisation of financial markets in Margaret Thatcher’s Great Britain. The formation of crucial prices in the world economy, such as exchange rates and interest rates, were no longer based on official decisions and the state with its democratic legitimisation. Instead, the decisions on exchange and interest rates were up to private actors – that is, multinational banks, speculative investment and other funds, and transnational corporations. Thus, the first acts of privatisation concerned the manner by which prices on global financial markets have been formed. This triggered a wave of wild privatisation of public goods and services which swept over the entire world. The new private actors immediately used their new freedom to create financial innovations: new institutions and new instruments to increase the returns on financial investments. Countries with still regulated markets were induced or forced to give up their techniques of what neoliberals called ‘financial repression’: exchange controls, fixed interest rates, credit control, prescribed assets, and so forth. Since then, financial markets have exerted their own repression of the real economy, of social systems and of the natural environment.

The liberalisation, deregulation and privatisation mania of neoliberalism triggered radical repercussions in the relationship between the countries of the Global North and the Global South. Liberalised financial markets, above all Wall Street, supported by the Bretton Woods institutions and the US government, helped to recycle so-called ‘petrodollars’ after the oil-price shock of 1973 from the Middle East back into oil-importing Third World countries. They were enabled to accumulate vast debts over the course of a few years when real interest rates were low (even negative) prior to 1979. They slid into the debt crisis of the 1980s after the US Federal Reserve tripled interest rates (the so-called ‘Volcker shock’ – that is, the politics of high interests to attract capital to the US), leading to what was later described as the ‘lost decade’ for the developing world.

The other side of the coin was a strengthening of the US dollar: first of all, because oil producers sold oil for US dollars despite the obvious economic weakness of the dollar vis-à-vis other competing, strong currencies. Secondly, the recycling of petrodollars and then the debt-servicing have been managed by the US financial system which occupied the strategic heights of global finance. This was of utmost importance for restructuring US hegemony after the debacle in Vietnam and for restoring its economic and political hegemony in the more and more globalised world. Globalisation is mostly understood as a process of spatial expansion, of world trade, investment and migration flows. This is not wrong; however, it is quite a onesided perspective because globalisation also means the globalisation of a certain development model, of political concepts and standards of global governance, of rules, norms and a global language. Therefore, the ‘Washington consensus’, the financial policy package that indebted countries had to accept under the conditionality of the International Monetary Fund has been one of the most efficient globalising forces after the liberalisation of global financial markets.

Monetarism emerged as the hegemonic economic policy concept of the neoliberal counter-revolution. The monetary base provided by the ‘independent’ central bank should react to market conditions and not be used as a political tool of governmental institutions to realise other objectives than that of monetary stability. Policies of full employment have been most frowned on by neoliberals. Consequently, the independence of the central bank is understood as an insulation against democratic political institutions and civil society organisations, in order to be free to formulate monetary policy according to the necessities of globalised financial markets. The rule of independence was inscribed into the statute of the European Central Bank at the end of 1990s. The independent central bank must control the



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amount of money circulating and nothing else. Fiscal policy in the long run has no influence on the growth rate of the economy and on employment and should therefore follow the rules of monetary stability and not the policy target of full employment.

The result of policy programmes based on these rules is by no means convincing: a rise in unemployment since neoliberalism has been the ideological basis of economic policy concepts in nearly all countries – and, if this did not happen, it was due to the expansion of the informal economy, of precarious labour; distribution of income and wealth became more unequal in most countries and in the world as a whole; the number of millionaires increased as well as the number of poor peoples; the future expectations of the working classes are dire under neoliberal capitalism; many economies are in crisis, and the effects on social systems, political stability and the natural environment are extremely negative. The balance of the neoliberal epoch is disastrous for the majority of people; temporarily it was a golden age for financial asset owners, but it was bad for labour.

The neoliberal era lasted until August 2008 when the liberalised system of global financial markets imploded, causing huge losses of more than US\$ 1.4 trillion, as the IMF complained at the beginning of October 2008; however, these losses had in the meantime considerably increased. In the last days of neoliberalism even the most hard-nosed neoliberals, managers of big banks as well as representatives of the Bush administration were urgently asking for state help and even for a nationalisation of big private banks in order to avoid the final meltdown of the whole capitalist system. After fewer than four decades the neoliberal cycle seems to be over. However, this only means that capitalism as we know it has reached an end, not the capitalist system in general.

The hierarchy of disembedded markets – linkage between financial and real markets

If Karl Polanyi's concept of 'disembedded markets' is meaningful at all, then it is with regard to financial markets. Markets have been disembedded from society and nature since the West's 'great transformation' into a market economy in the 18th and 19th centuries. Financial markets have moreover been disembedded from markets for real goods, services and labour: the monetary economy is 'autonomised' ('*verselbständigt*') vis-à-vis the real economy. Financial markets are self-referential; they follow their own logic of development. As a consequence of the all-embracing liberalisation of markets in general and particularly of finance since the end of the Bretton Woods regime in

the 1970s the relations between social reproduction and the accumulation dynamics of the real economy on the one side and the working of financial markets on the other have been widely dissolved.

Neoliberalism was the theoretical background of liberalised and self-referential financial markets. The necessity of disembedding financial markets was justified by the concept of market equilibrium and potential efficiency gains. In the neoliberal understanding, an equilibrium is possible in each individual market so long as decision makers are free to follow market signals. There are no interrelations and interferences between markets. Unemployment above the level that NAIRU (the ‘non-accelerating inflation rate of unemployment’) permits is interpreted as the result of inefficient allocation of labour and of economically unjustified wage levels. The dogma of autonomous markets is an explicit argument against the Keynesian (and also the Marxist) theory of a hierarchy of markets and their connectedness: labour markets depend on the investment decisions of capital owners on commodity markets. The investment decisions in their turn depend on future expectations concerning prices of products – that is, on the performance of product markets, as well as on the development of interest rates – that is, on financial markets. The prices on the latter determine prices (the wage level) and volumes (employment) on the labour market. Consequently, in Keynesian as well as in Marxist approaches an equilibrium in labour markets depends on the performance of financial markets.

However, the implied autonomy and self-reliance of financial markets is by no means a guarantee against financial crisis tendencies. On the one side, crises have their origins in the ‘real economy’ in the case that real flows of income are not sufficient to service the claims of financial investors. On the other side the crisis tendencies spill over from finance to the real economy and to society and nature, as the recent crises at the end of the first decade of the 21st century have demonstrated so dramatically. The concept of ‘disembedded markets’ therefore does not mean that they are really autonomous and independent of each other. On the contrary, markets are highly interrelated and interdependent. Keynes and Marx are right, and neoliberalism is wrong.

Contrary to some neoliberal simplifications the interest rates and rates of return on financial investments have to be produced in the real economy. A virtual economy without a real basis is a nice but stupid idea. If not, high yields on financial assets of 20 per cent and more cannot be paid in real terms; the financial pressures on the real economy produce an inflationary bubble: asset inflation rather than price inflation. When prices of products and services are stable or even declining, and simul-

taneously asset prices soaring, a radical distribution of real flows of incomes in favour of the financial sector is going on. This tendency, then, is responsible for new speculative attacks on the real economy because of the high liquidity of financial investors (funds and banks). They try to reap as much as possible of the surplus produced in the real economy; and by doing so they are pushing it into a crisis. This mechanism, basically, is driving the most recent financial crisis.



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Karl Polanyi described disembedded markets in general as ‘satanic mills’, pushing labour into misery, nature into environmental destruction, and the monetary system into a bad running order. Disembedded financial markets work even more than product and labour markets as satanic mills, because their horizon is not the national economy with its institutional settings and social and political regulations but the unfettered world market – that is, the poorly regulated economy on a global scale. In terms of time they are characterised by an endemic ‘myopia’. Financial actors only have a very short-term horizon. The higher the interest rate and the financial yield, the shorter the perspective of actors within the financial markets. Therefore the ‘counter-movements’, another crucial concept introduced by Polanyi – against the destructive functioning of the satanic mill so as to protect labour (through the emergence/defence of the welfare state), nature (through environmental regulations) and money (through measures to control monetary and financial authorities such as central banks, national and international supervisory authorities and so forth) – also have to develop a global and long-term perspective

Very often, the tendency of market-disembedding is described as a ‘mechanism’; however, neither the processes of disembedding nor the counter-tendencies for protection against the effects of disembedding work like mechanisms. They are the outcome of hegemonic conflicts and struggles in the political sphere (the state in a wide sense) and the social system (performed by social movements and political organisations).

Financial crises shake the neoliberal belief system

Global crisis tendencies during the last quarter of the 20th century regularly appeared as crises of the financial sector: the best-known hallmarks of the crisis cycle after the liberalisation of financial markets in the 1970s are the debt crisis of the Third World in the 1980s, then the financial and banking crisis of the 1990s (the Peso crisis of 1994 and the devastating Asian crisis in 1997 with repercussions in Russia in 1998, and Turkey and Brazil in 1999), the Argentinean crisis of 2001, which affected all aspects of economic and social life in the country, leaving much of its industry in ashes, the bursting of the new

economy bubble in the US in 2000, and finally the ‘subprime crisis’ in the US in 2007 and the metastases that followed in many other market segments (credit cards, investment banks, insurance, credit default swaps and so forth.) and countries of the world. The end is (in autumn 2008) is not foreseeable. The last decades of the 20th and the first decades of the 21st century will enter history as the era of the neoliberal financial disaster.

At all events, neoliberal promises of growth and stability, of employment and wealth have proved to be insincere ideology, grossly false and responsible for the sufferings of hundreds of millions of people around the world. No wonder that neoliberal ideology has lost much of its former attractiveness and thus much of its hegemonic power. The neoliberal crisis tendencies together with the loss of hegemonic attractiveness are the soil in which new economic policy concepts beyond neoliberalism are beginning to grow.

In view of the financial disaster of 2008 and the series of recent financial crises since the ‘big-bang’ liberalisation of financial markets at the end of the 1970s it seems as if neoliberals themselves have changed their mind, the neoliberal belief system is breaking into pieces. First of all, one of the lessons learnt was that financial stability can only be achieved by means of political regulation and not by the working of the market mechanism or by deploying the mechanisms of self-regulation of the financial industry. This was why, after the Asian crisis, the Financial Stability Forum (FSF) was established in 1998. Immediately after having being set up it began to elaborate on rules of improved transparency, prudence, surveillance – not least in order to avoid more radical proposals by global civil society movements such as ATTAC¹ to control the capital account and even to outlaw certain financial activities (those of offshore financial centres, hedge- and private equity funds, short-term speculation, and so forth.). It was no accident that ATTAC was founded in the same year in which the FSF was set up – the one as a civil society response to the financial disaster that was affecting so many millions of people, the other as an official response in order to re-establish financial stability for financial actors against the recent market turbulences.

The extent of the contemporary crisis, however, goes much beyond the harmless reform proposals of the FSF and other bodies after the financial crises of developing and newly industrialising countries. In contrast to the latter the present-day crisis hit the metropolitan countries of the world system and therefore neoliberals discovered anew the state as an



In the subprime crisis alone 5 million homeowners in the US lost their houses.

¹ Association pour la taxation des transactions pour l'aide aux citoyens (Association for the Taxation of Financial Transactions for the Aid of Citizens).

important and indispensable institution of economic (fiscal and monetary) stabilisation, as a market actor of last resort. Even the most neoliberal governments like that of the UK and of the US did not hesitate to nationalise banks because of obvious market failures, the obvious shortcomings of neoliberal economic policy concepts (in the fields of fiscal and monetary policy) and the systemic risk that threatened the whole capitalist economy. This is the reason why even notorious neoliberals are joining the herd that is requesting less market self-regulation and more state intervention. Masses of peoples are affected by the recent financial crises. To mention only a few of the destructive consequences of financial crises: in the subprime crisis alone 5 million homeowners in the US lost their houses – swelling the army of homeless peoples; tens of million peoples suffered under the crisis in Asia, many of them being pushed into dire poverty or even into abject misery; the debt crisis of the Third World in the 1980s cannot be forgotten, for it was responsible for a ‘lost decade’ of development in Latin America and elsewhere. As a result popular resistance built up in many parts of the world, forming a growing alliance against neoliberal ideology and the subsequent policy concepts that were based on it. Today, however, neoliberals themselves are abandoning their untenable positions and trying to find refuge in the camp of their despised adversaries: those calling for less market and more regulation. Although they might prefer self-regulation by the banking industry itself and not by the state, they are not hesitating to ‘bring the state back in’, in an even more radical way than in Keynesian times. They are transforming the crisis-ridden neoliberal capitalism based on financial markets into a kind of a ‘financial socialism’ (Richard Sennett in *The Financial Times*, 8 October 2008).

This is a step beyond the neoliberal mind-map; but is this tendency already the first sign of the emergence of a postneoliberal order of global finance?

The software and hardware of neoliberal financial markets

In order to answer this question it is necessary to take the physical preconditions of neoliberal finance into account. While the profit rate on capital in the real economy underlies a tendency to decline, the rates of return on financial assets soar – at least for a certain period of time. Financial innovations and the creation of ever-new vehicles of financial investment pushed the yields of the financial sectors above the profits to be obtained in other industries. Since the liberalisation of financial markets statistical evidence in most OECD countries has shown interest rates much above the real growth rate of GNP. This relation is even more articulated in developing and newly industrialising countries because of higher risks and thus high spreads (higher

risk charges) on the prime rate. Since financial claims in the last instance have to be serviced out of real flows of income a redistribution of incomes and of wealth from the real to the financial economy is an inevitable outcome. Financial liberalisation and the subsequent financial innovations work as a mechanism of increasing the yields of financial assets and of repression of the real economy.

This constellation is inevitably crisis-prone. Extremely high yields on financial claims require high real growth rates. But growth meets social, natural and even economic limits. Growth is an obsession which only can be transformed into reality by an acceleration of the process of production and reproduction and by extending its spatial reach – that is, by creating a typically capitalist time-space regime. It requires and fosters at the same time high speed, high mobility and massive use of resources (mass production and mass consumption). It thus also exerts massively negative effects on the environment and on social life, which follow other rhythms than those imposed by the neoliberal time-space regime.

Neoliberalism's disdain of nature and society is a consequence of the concept of the world as populated by men (and women) who are simply following the utilitarian rationality of profit maximisation and thus acting as *hominis oeconomici*. These rational constructs operate in a spaceless and timeless world, thus lacking the coordinates of nature. The 'annihilation of time by space and of space by time', which Marx mentions in the 'Grundrisse' is inscribed into the neoliberal belief system. It takes no notice of the specific characteristics of time and history, of space and territories. Only because of this reduction is it possible to develop and then apply an economic policy menu like that of the 'Washington Consensus': an economic policy recipe for all



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countries in all times which only have one characteristic in common – that they are highly indebted and that they therefore have to follow the rules of global financial markets and their regulating institutions (in the first place the IMF).

The system can only obey the rules of physical expansion and acceleration – that is, transforming the annihilation of time and space into reality – insofar as it has a specific ‘hardware’ at its disposal. This hardware consists first of all of fossil energy sources, especially oil, and the (industrial) technical and organisational (social) systems of their transformation into working energy. Oil has fuelled growth since the beginning of the 20th century and thus turned an apparent obsession into a real political concept for the economy over a long period of time. Economic growth since then has been the mania of economists, even of so-called alternative, non-neoliberal economists. They do not take into consideration that growth of the real economy and even the working of the ‘virtual’ financial sphere are dependent on the secure provision of fossil fuel for production and consumption, for transport and communication, and most of them are blind to the contradiction between growth as a geometrically extensive process and its fuels which are a finite resource, and to the fact that its supply curve is not going up, but down. Oil is running out, the ‘hardware’ of the neoliberal system is flawed. The production of oil is peaking so that in the foreseeable future it will be less available than today, if available at all, and at increasing prices. The limits of oil supply turn out to become a physical hindrance to further growth and consequently to the high yields on financial assets. The financial sector in the last neoliberal decades has learned to claim the yields. Now, it must learn to change the programme of the ‘driver software’. The neoliberal bonanza is over, the comfortable times of plentiful oil are gone. The growth rates of the past cannot be achieved in the future unless a new paradigm of production, another time-space regime, emerges.

Financial markets are providing the driver software of this time-space regime of acceleration and expansion: time is money, the shorter the cycles of financial investment the faster the returns and the higher the revenues to obtain. The software is permanently improved by making use of financial innovations with the overarching objective to increase the financial yields. The software is ruthlessly applied and very often predatory and fraudulent. The drivers are designed to exploit all possible spaces for making money even when law and moral rules are obstacles to such an endeavour. In these cases rules and laws have to be broken. The liberalisation of financial markets opened the door to the criminal economy; it was a method of issuing the licence to ‘print’ money. No wonder that even ‘reputable’ financial institutions and big

transnational corporations are involved in money laundering, grand corruption, illegal transfers, assistance to tax evasion, risky speculation, and so forth.. It is said that financial institutions are prudent and therefore avoid risks (risk aversion). But when the driver software allows for hiding the risks and selling risky assets as secure ones the speculation bubble can get ever bigger – until it bursts. This is exactly what happened in the most recent financial crisis, since 2007. This is an important reason why even official institutions of the global financial system triggered a debate on new regulations of financial markets – that is, on a new software of the time-space regime. The criteria for the quality of the driver software are disputed. The speculators want it to be as loose as possible, perhaps with some safeguards against a crash and with huge amounts of public money at their disposal, if possible without public control. Some political regulators are arguing in favour of control; social movements are even asking for full nationalisation of the financial system and for submitting it to democratic control in a democratic society. They also want the prohibition of certain financial vehicles, of highly speculative institutions and businesses, and they pose the question whether it is enough to exchange the software without also changing the hardware – that is, the energy regime and the mode of production, the social formation.

The resilient real economy

Many observers have thought that the real economy is not affected by the crises of disembodied financial markets. However, capital follows a cyclical movement: Financial capital buys and invests in productive capital. Real means of production and labour together produce commodities to be sold on the market for money, so that at the end of the cycle capital appears as a financial stock (increased by a surplus) which again can be invested into real means of production and labour – or



The accumulation cycle of capital encompasses the 'real' and the 'financial' economy; they are aggregates of the actually existing capitalist system and thus linked to the real world.

it can be used for speculation and investments in financial assets on financial markets. The accumulation cycle of capital thus encompasses the 'real' and the 'financial' economy; they are aggregates of the actually existing capitalist system and thus linked to the real world. Consequently, the financial crisis is also an expression of the contradictions of the real accumulation process as it has repercussions on the real world. Here it is necessary also to take into account time lags between fast-reacting financial flows and the inertia of the real economy. The consequences of financial turmoil for the real economy are extremely bitter, as the history of the debt crisis of the 1980s, of the financial crises of the 1990s and of the 'subprime crisis' and its after-effects show: debtors cannot afford to service the debts, and thus their securities – the 'collateral' of the debts – is taken away. In the case of the current financial crisis this means that workers are losing not only their jobs but also their houses. Moreover, they are cut off from access to new mortgage credits so that their real disposable income is becoming dramatically reduced. This might be interpreted as a 'normalisation'. The question, however, is why this normalisation has not been realised without pushing many people into economic distress.

'Contagion' also has to be taken into account. This should not only be understood as the spread of financial crises over national boundaries, as in the case of the Asian crisis which spilled over from Thailand to its South-East Asian and East Asian neighbours. Financial crises also have a serious impact on labour markets – that is, on the quantity and quality of employment, on the environment, and on the provision of food. Financial crises have been the most effective vehicles for transforming formal labour into informal labour and thus inflating the informal economy of precarious work. In some structuralist interpretations the informal economy is not understood as a consequence of financial distress, but as a remedy against the most negative consequences of the crisis. In many parts of the world the informal economy is the only sector offering precarious jobs to otherwise unemployed peoples. This is the reason why the informal sector and its accompanying ideology of self-help and individual responsibility paradoxically are presented as a solution to the crisis of neoliberalism, as a 'neoliberalism from below'. It reconstructs the legitimacy of the system by organising popular consent from below. It is a telling example of the collusions of the neoliberal governments (from above) and the mentality from below – that is, the internalisation of neoliberal conditions into the thinking and action of people.

The spillover of financial crises on nature are also serious. As we have already seen, the fossil resources essential for fuelling the neoliberal

order are running out, not to speak about the harm done to the environment by actions which follow only the individual logic of selfish market actors. But neoliberalism would not be as successful as it has been if it did not offer an answer to the ecological challenge. For F.A. von Hayek markets are a powerful device for discovering new and innovative solutions to problems arising in the course of economic and social development. Therefore the creation of a market for tradable CO₂ emissions rights is viewed as an adequate means of overcoming the climate crisis. At the same time the new certificates offer new areas of profitable financial investments. After the recent crash of financial markets this is good news for financial investors searching for new areas of profitable investment. The market is considered to be very dynamic and able to create a future turnover (after the extension of the Kyoto treaty to the whole world) of up to US\$ 2000 billion. The food crisis as well as the price hike of commodities also offer new opportunities for financial speculation. These developments may stabilise the neoliberal financial system for a while, until the bubble bursts again.

This time the real world of the daily life of people all around the world, and not just the ‘real economy’, is involved and affected by the crisis. Neoliberal finance more and more is undermining the living conditions of mankind.

Postneoliberalism versus postcapitalism

The inherent tendency of disembedding markets from society and nature has halted. It is necessary to rethink the relationship of finance to the real economy on a global scale. The scale matters and the task requires regulatory measures which go beyond traditional (nation-state) Keynesianism, although, paradoxically, national solutions in to overcome the financial turmoil are being offered, not European or even global ones. The nation state has come back in, market solutions to the deep crisis are not in the policy basket. Regulation on a global scale – how is it possible? The question can only be answered by posing another question: is the recent crisis a crisis of neoliberalism or is it a crisis of neoliberal capitalism? Is a postneoliberal financial system possible under capitalism or is it necessary to go beyond capitalism as we know it? Is a financial socialism already emerging and could it be an answer to the challenges of the crisis?

The crisis of neoliberal concepts is not necessarily resulting in a post-neoliberal order which aims at social forms beyond capitalism. On the contrary, postneoliberalism in finance can result in new forms of



Financial socialism is not the socialism of the workers or of broad popular masses. It is the expression of the expectations of managers of banks and funds which are threatened with drowning in the whirlpool of the financial crisis.

capitalist hegemony which again include a stronger role for the state. Contrary to ‘old Keynesian’ state interventionism, this is not designed in the interests of workers’, but in undisguised political support of financial interests. Financial socialism is not the socialism of the workers or of broad popular masses. It is the expression of the expectations of managers of banks and funds which are threatened with drowning in the whirlpool of the financial crisis. They need the legitimate power of the state to tap into the incomes of taxpayers in order to divert income flows from the real economy to the financial sector. Otherwise many other claims and thus assets would lose their value. In following the project of diverting income flows to the financial sector they are seeking and finding support from governments and central banks. Trust in the working of free markets has gone. Many neoliberals are asking for the nationalisation of bankrupt or defaulting financial institutions: Fanny Mae and Freddy Mac, AIG (American International Group) and other institutions in the US, Alitalia in Italy, Northern Rock in Great Britain, IKB (Deutsche Industriebank) and Hypo-RealEstate in Germany, the whole banking system in Iceland and many more. Not self-regulation of the market, but state action is required – and a lot of money must be spent out of the state budget. This is set to increase the tax burden of citizens, the public debt, and may also increase the inflation rate and thus reduce the purchasing power of citizens in order to save the financial institutions. It is necessary, therefore, to ask for more state control over financial institutions. The financial institutions survive economically by giving up some of the most predatory and excessive neoliberal practices. Postneoliberalism in financial markets is nothing less than a bundle of methods to save capitalist finance from the overshooting irrationality of financial neoliberalism. It might be postneoliberal, but it is not in the same instance a postcapitalist order.

The neoliberal ‘counterrevolution’ was, as we have seen, a Gramscian passive revolution whose outcome has been a further strengthening of capitalist hegemony – for about four decades. In the final days of neoliberalism there is a new passive revolution in the making, bringing the state back in as a stabilising institution of a postneoliberal, but capitalist world order.

Or are social movements intellectually and politically strong enough to bring their postneoliberal and postcapitalist agenda forcefully and successfully into the social process of restructuring the financial system of 21st century capitalism?

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‘Neoliberalism’ and development policy – Dogma or progress?

Kurt Bayer

There are many ideas around that can result in better development policies and hence improve the living conditions of millions of people
Emmerij 2006

There will be no ‘glad confident morning’ for free-market principles for a long time to come
S. Brittan, Financial Times, 12 September 2008

International Financial Institutions (IFIs) are the main institutional actors in development assistance and policy advice. They are also protagonists of (mainstream) development thinking. Since the end of World War II several development paradigmata have consecutively formed this mainstream. The lack of success of development assistance, characterised by the persistent large number of very poor in developing and emerging countries (DCs) is a result of both faulty content and lack of adequate representation of DCs in IFIs and other international fora.¹ As a result of the latter, industrial countries’ thinking has dominated development practice. Various, this latest version of mainstream thinking, the ‘Washington Consensus’ (WC) has been labelled neoliberal. Recently, this ‘consensus’ has begun to crumble and fray at the edges. It will only be successfully replaced by more effective development practice, if and when the influence of developing countries’ participation in the IFIs is increased in a way which leads to a more open market place for development ideas, permitting and promoting also non-conventional tailor-made solutions geared towards the poor and taking account of their specific needs and environments. ‘Form and function’ of IFIs require change to make development policy and assistance more effective. Whether this can be called ‘postneoliberal’ will be more important for future historians of economic thought than for the poor of the world.

¹ This still holds true in spite of adding an additional board seat for sub-Saharan African countries at the 2008 Annual Meeting of the Development Committee of the World Bank.

The Washington Consensus: neoclassical or neoliberal?

The WC has become the bogeyman of the critics of ‘neoliberal’/mainstream development policy (see, for example, Klein 2000, 2008). The term Washington Consensus was first coined by John Williamson in a 1990 book on Latin American economic policies (Williamson 1990). It lists budget discipline, growth-enhancing shifts in public expenditures, tax reform (towards lower marginal tax rates and a broadened tax base), liberalisation of interest rates, competitive exchange rates, trade and foreign direct investment liberalisation, privatisation, deregulation (to reduce entry and exit barriers) and safeguarding property rights as ingredients for successful development in Latin America. These are essentially policy ingredients following neoclassical thinking. During the 1990s, both Washington-based Bretton Woods Institutions, the World Bank Group and the International Monetary Fund, adopted many of these policies. But like Williamson himself, the Bretton Woods Institutions never saw themselves as strict adherents to a Washington Consensus. Critics of mainstream development policy adopted this term as a catch-all moniker encompassing all they deemed detrimental and negative in development policy.

Seen in the context of the evolution of development thinking, the tenets of the so-called WC belong to the ‘catching up’ theories which have dominated development thinking during the past 70 years (Küblböck 2008). According to this theory developing and emerging countries should follow in the industrial countries’ footsteps, and thus also adopt policies essentially gleaned from developed countries’ mainstream thinking.

Unravelling the Washington Consensus

Joseph Stiglitz is arguably the most prominent critic of neoliberal mainstream development policy. His most scathing attacks have been directed at the Bretton Woods Institutions, in which he himself played a leading role as chief economist and senior Vice President of the World Bank. While always a proponent of globalisation and of less developed countries’ involvement in the global economy, he has criticised the neoliberal, state and institution-denouncing shock therapy for developing and transition countries and has extolled the pragmatic gradualism and sequential approach as, for example, applied by the Chinese (see Stiglitz 2002). He sees a strong role for the state and for strong institutions in general and regulatory institutions in particular for guiding the build-up towards a market economy (Stiglitz 2008). In addition, numerous efforts have been made by analysts during the last 20 years to criticise (see, for example, Easterly 2006), augment

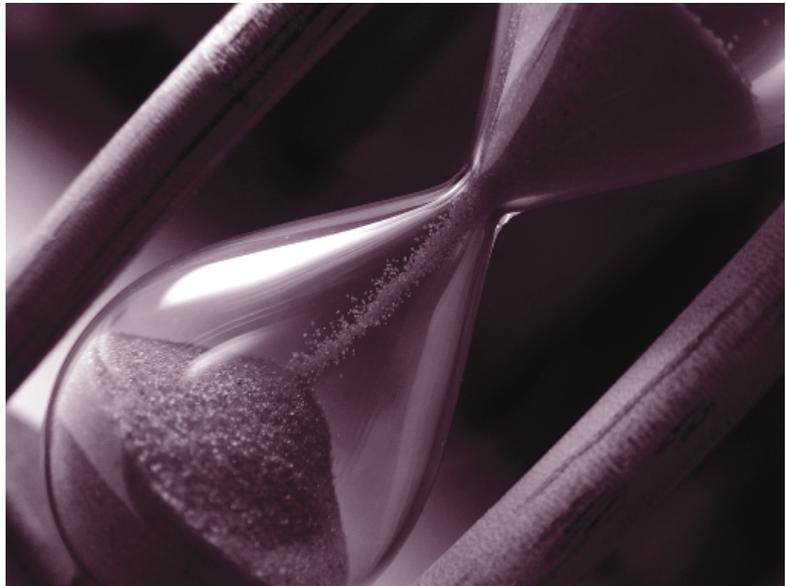
(Birdsall 2001) and complement the Washington Consensus, not least by the originator of the term, John Williamson himself (Kuczynski and Williamson 2003). The effects of this debate within the Bretton Woods Institutions have been mixed: while it has largely been ignored by the International Monetary Fund (IMF), within the World Bank a re-thinking process has set in with varying results.

To see is to believe – evidence beats ideology

When Teng Hsiao Ping visited Malaysia and Hong Kong in 1979 and saw – instead of impoverished states like China at that time – glittering financial centres and fast-emerging economies, he decided against the policy of another ‘great leap forward’. Instead, he proposed to cross the river ‘by feeling the pebbles with his foot’ – that is, a gradualist approach for China – not destroying its (communist) institutions but, rather, reforming them to enable markets to work. The success of China and 12 other ‘sustainable growth countries’, each of which sustained growth rates of more than 7 per cent over 25 years, has recently been the subject of an intensive study, *The Growth Report* (Spence 2008). This report does *not* come up with a strategy; rather, it debunks the illusion of one (dominant) growth and development recipe for all countries.

In summing up the 13 case studies (Botswana, Brazil, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Malta, Oman, Singapore, Taiwan and Thailand), the authors conclude that sustained growth oc-

Instead of suggesting that some ‘grand scheme’ exists for countries’ development, the Growth Report emphasises the need to identify important bottlenecks and constraints to growth.



curs not by luck, but by the ‘right mix of ingredients’. The report does not extol the benefits of liberalisation, privatisation and deregulation: it recognises that all these countries have gone different ways to achieve growth. But they see some common experiences: all countries have engaged in the global economy, they have pursued macroeconomic stabilisation, but not singlemindedly as anti-inflation policy; they have recognised that savings and investment must be stimulated; and they have accepted the need for (various forms of) good governance and the need to establish the right incentives in the economy. But apart from that they have employed very different instruments to achieve the same end: higher growth plus poverty alleviation.

Instead of suggesting that some ‘grand scheme’ exists for countries’ development, the Growth Report emphasises the need to identify important bottlenecks and constraints to growth. Instead of comprehensive reform, narrow policy solutions and policy experiments are proposed, including local, non-conventional solutions. By looking to remedy country-specific constraints to growth by adopting individual policies and spurning comprehensive reform, sequencing and experiments become important. To that end, the realisation that policy spillovers exist can help to build upon previous reform steps, in order to find ways to overcome spatial, political and economic impediments to growth. The report points out that all available instruments must be activated in order for countries to be successful: market and government, domestic and foreign, social and economic. But solutions need to be local, inclusive, accepted and perceived as equitable. While the authors see a role for foreign development assistance, this can only be complementary. ‘The rule book must be written at home, not in Washington’ (Rodrik 2008).

This report is surely not the last word on development economics and politics, but it leaves much room for local contributions, for non-conventional solutions, for eclectic learning-by-doing – and for local, regional, national participation of the citizens of DCs) in finding solutions. The report does not directly attack the mainstream. Its authors are academics, World Bank staff, UN functionaries and the like. But it clearly shows that the age of the Washington Consensus – if it ever consisted – is over, even among many who were supposed to be its major proponents.



Economic growth by itself, even if successful, does not ensure development, defined as broad-based, sustainable improvement in the living standards of the affected populations, especially the poor.

Pro-poor growth?

The realisation that economic growth by itself, even if successful, does not ensure development, defined as broad-based, sustainable improvement in the living standards of the affected populations, especially the poor, has led some analysts to add a number of policy objectives to the Washington Consensus, especially with respect to distributional issues and institution-building (see for example Birdsall, in Bayer 2008: 70). One outflow was the UN-originated 'basic needs' approach which puts improvement in social indicators at the heart of development policy. More recently, the concept of 'pro-poor growth' has come into discussion, namely a growth process which focuses on poverty alleviation. But also this concept incorporates diverse ideas of how to achieve its objectives. Most widespread is the one that sees economic growth as 'poverty-neutral' (my term, KB), but as a means to generate enough public and private resources to redistribute to the poor via tax revenue and social systems. This is a kind of trickle-down approach to poverty alleviation. A less accepted, but more promising avenue would be to see a country's growth process as non-neutral with respect to poverty alleviation.

At the extremes, one can distinguish between growth policy induced by foreign direct investment (FDI) which generates profits for the (relatively large and often regionally concentrated) firms (which frequently would be repatriated to the source country or an offshore tax-saving location) and employment and thus wages for local workers. In this case, growth would generate local pockets of poverty alleviation through the wage component in the regions (often export-processing zones) in which FDI is located. On the other side of the spectrum would be a growth policy focused on indigenous labour-intensive small and medium-sized enterprises (SMEs) and rural development, where the growth proceeds are spread wider and thus reach more poor. Such a process could also be more evenly spread across the whole country, since it is less premised on agglomeration advantages and transport links for exports and, moreover, generates both profit and wage components for the economy. The promotion of this type of 'pro-poor' growth can also be supplemented with tax and expenditure redistributive elements in public spending.

Both approaches, but especially the SME-related one, require strong government intervention: while in the former this focuses on FDI acquisition and tax and expenditure policy, in the latter it requires additionally some kind of 'industrial' policy designed to promote broad-based rural and SME-related growth by means of a variety of instruments, among them providing micro financing, simplifying regis-

tration procedures, business training, promoting supply chains and clusters, apprenticeship systems to train skilled workers, maybe even cooperatives promotion, farm supply logistics, and so on.

Recognising the role of institutions

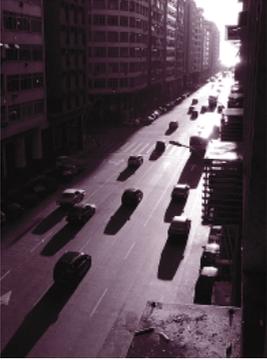
The experiences of the break-up of the Soviet empire and the demise of the state-run systems of the former communist countries have put new emphasis on the role of institutions for the functioning of market economies. A similar experience extends to all less developed countries where the removal of former colonial structures also left institutional voids behind. This development process has been less visible, because it did not coincide with the (sudden) implosion of a single widespread socio-economic system. Rather, it took place country by country, each under its specific circumstances.

The extreme market-friendly approach epitomised by the cases of Poland's and Russia's 'shock therapy', which consisted in the radical elimination of the old institutional structures, gave rise to extremely lopsided privatisation processes and massive grabs of former government assets. The lack of effective regulatory authorities, implementing concession rules, property rights, the lack of a judiciary able and willing to enforce titles and grievances in a fair way led to extreme displacements of workers, destruction of capital, mass emigration of skilled persons, poverty and inequality. The role of government in economy and society was vilified, non-regulation the accepted norm, and privatisation and a significantly reduced state were seen as ends in themselves.

Also, in developing countries the lack of adequate institutions proves extremely harmful for development. Public social sector expenditures were judged by the IMF and others as mainly market-distorting, expensive and thus harmful. As a result, too little attention was given to the development of an adequate tax base with which to pay skilled civil servants: to install an independent judiciary; to develop regulatory authorities to prevent public monopolies from being turned into private ones, especially in the utilities sector; and also to develop social safety nets supporting the transformation and development processes, helping the losers in these severe change processes.

This practice has been recognised as an important barrier to development. As a result, recently increasing emphasis has been placed by the development institutions on institution-building, a new field for them, requiring grant money. As a result, all development banks have

installed different forms of donor trust funds, where (bilateral) grant money for technical assistance is in many cases combined with loans.



The market is not willing or able to provide adequate infrastructure outside the capitals and business centres and is frequently not able to finance long-term investment. At the same time, public infrastructure investment has lagged, for lack of an adequate tax base, but also because 'infrastructure does not have a lobby' to exert political pressure.

Also with respect to institutions, the 'catching up' model, fashioning institutions after those in developed countries, may not be advisable. Since governmental institutions can play their role in democracies only if they are accepted and trusted by the population, thought must be given to developing institutions which fit both the cultural context of the country and the requirements of a globalising national economy. Thus, non-conventional solutions need to be considered, too.

Within this context, the demonisation of the state as an essential development actor for society and economy has begun to be reversed. This is also a result of empirical evidence. World Bank studies have shown, for example, that the wholesale privatisation of the energy sector in Latin America has not yielded the intended goals (more efficient high-quality provision of energy services to the whole population); nor can private outside investors be found any longer. The increased attention paid to affordability considerations with respect to utility tariffs (partially a result of the recent acceptance of income (and welfare) distribution problems as legitimate development concerns has deterred profit- and rent-seeking foreign investors. In addition, attention to deficiencies with respect to 'business climate', a concern of all development institutions interested in promoting private sector activity, has shown significant regulatory deficiencies in most countries (see various issues of the annual World Bank's 'Doing Business' reports).

The recognition that a functioning physical infrastructure is essential both for private sector activity and for social development has brought to light significant gaps in infrastructure investment. This led to the realisation also by mainstream development practitioners that the market is not willing or able to provide adequate infrastructure outside the capitals and business centres and is frequently not able to finance long-term investment. At the same time, public infrastructure investment has lagged, for lack of an adequate tax base, but also because 'infrastructure does not have a lobby' to exert political pressure. Since most developing and emerging countries cannot obtain loans with 40-year or even 25-year tenor from private capital markets (neither private firms, nor governments), it falls upon development banks to provide and activate this long-term capital, frequently in the form of sovereign loans. Recently, there has been a rush towards 'public-private partnerships' (PPPs), in order to combine sovereign guarantees and capital with private funds and know-how in a new partnership between state and private sector. While PPPs are 'every-

body's darling', few in DCs know about how to design such projects properly, to distribute benefits and risks proportionately to the public and private participants and to draw up the necessary contracts and concepts in order to make this idea work. A significant number of PPP projects has been abandoned, been restructured or aborted early. State authorities have to beware of getting into situations where the distribution of risks and the concomitant benefits turns out to be a 'privatisation of profits and a socialisation of risks'.

Open financial markets: benefit or curse?

One of the strong tenets of International Financial Institutions activity during the past years was that of the beneficial effects of the liberalisation of capital flows. Given the lack of capital in developing and transition countries due to low earnings and savings (and also capital flight, rarely mentioned), attracting both real and financial capital to DCs was seen as overridingly beneficial. The financial crises of Latin America and Asia, which led to the collapse of many economies and the impoverishment of millions of people, have led to some rethinking. For a while IFI development specialists saw the causes of these collapses mainly in insufficient structural change within these countries, which induced a loss of confidence among foreign investors and thus their sudden withdrawal of funds. More recently, emphasis was put on the correct sequencing of the liberalisation of capital flows. FDI was seen to have mainly positive effects on the DCs (bringing capital, organisation methods, technical know-how, marketing networks, and so on) and also as being less volatile than financial flows. The latter could easily lead to destabilisation of small open economies with insufficiently deep domestic capital markets. The positive experiences of, for example, Chile and Malaysia, both going different but unorthodox (and, at the time of their installation, criticised) ways with respect to liberalising capital flows also led to (grudging) acceptance, for example by the IMF, of some capital market restrictions. Following Chile's successful example, the IMF became better disposed towards barriers to incoming flows, but not to outflows.

The current financial crisis, which up to fall 2008 has mainly hit banks in industrial countries, but led to massive refinancing problems for a number of DCs, in late 2007 and 2008 has drastically reduced capital inflows to DCs. Since mid-2008, some of the most prominent advocates of liberalised markets, for example the *The Economist* and *The Financial Times*, started to muse about the fact that deregulation of financial markets had, maybe, gone too far and a 'measured re-regulation' was in order, especially with respect to removing incentives



There is no doubt that a re-dimensioning of the global financial system is in process which might redirect finance to its original role of financing 'real transactions' and avoid the pyramid schemes which move financial flows several hundred times larger than the underlying transactions.

for channelling ever-increasing amounts of capital flows around the regulated areas.

Several schemes are being proposed to reduce volatility, to regulate hedge funds, to de-incentivise investments in highly leveraged funds, to reduce regulatory arbitrage. Suddenly, one of the most glaring institutional deficiencies – that is, the lack of unified supervisory authority of the unified, global financial markets – is being recognised.

The fact that recently the US, UK and German governments – all until recently adherents to free-market ideology – have re-nationalised large financial institutions which had invested in assets of doubtful value is the most glaring proof that the neoliberal dogma has come to an end and that a re-evaluation of the limits of unregulated markets might be in order.

There is no doubt that a re-dimensioning of the global financial system is in process which might redirect finance to its original role of financing 'real transactions' and avoid the pyramid schemes which move financial flows several hundred times larger than the underlying transactions.

Some of the described functional failures implied by the imposition of orthodox neoclassical thinking on the economies of less developed countries, whose institutional, legal, cultural preconditions in many cases differ from those presupposed by the fathers of neoclassical economics significantly, have also led to a crisis of legitimacy of orthodox development theory. Development success is restricted to too few countries. This reality has imposed huge costs on the poor. It has also led to a delegitimisation of development assistance in industrial countries, as signified by the fact that with the exception of the Nordic countries no industrial country seems likely to achieve and fulfil the promises and obligations which they undertook at G-7 meetings (double help to Africa), in the EU (reach at least 0.51 per cent of GDP by 2010 and 0.7 per cent by 2015 for the EU-15) or at the Millennium Summit (reach the Millennium Development Goals by 2015).

Process co-determines substance

What became known as the Washington Consensus, a neoclassical concept, has begun to crumble. This concept has been dubbed neoliberal. While the importance of both macro-economic stabilisation and institutional and legal change for development commands overwhelming consensus, the instruments used and the prioritisation of

individual steps have begun to be much more differentiated. Few today still believe in a Grand Design Strategy, where all (most) development targets are to be achieved simultaneously. Rather, impediments to growth and development are analysed and attacked sequentially, depending on their respective power to hinder growth. I personally find the value of naming this crumbling of some old certainties by any name, be it postneoliberalism, pragmatism or trial-and-error approach, rather futile. Any –ism would give the appearance of a new theoretical superstructure being in place – which is not the case.

The most recent crises in the global economy point to policy, institutional and conceptual failures in the development practice of the last decades. This should lead to the recognition that the era of WWE (White Western Economists) imposing their thinking (gleaned from the experience of their own industrial societies) on less developed countries has been largely unsuccessful. This is a result of gaps both of substance and the process of decision-making in the development institutions. Improvements would point to the need for a much larger role of specialists from developing and emerging countries – academics, policy experts and NGOs – together with government elites, in shaping the directions and strategies of development IFIs. While I believe that the objectives of development might command widespread consensus among traditional, orthodox and ‘other’ development specialists, much more room would have to be given to each country/region to go its own way towards commonly agreed goals, depending on specific historical, cultural, geographic, climatic, demographic, economic and societal contexts. This would require a radical re-shaping of the institutional development architecture.

While in such a newly organised development structure there would still be a large role for top-down strategies, the development and especially the implementation of such strategies would have to leave much more room for bottom-up activities: by including non-governmental organisations and individual citizens both in strategy-setting and in implementation. In such a world global economic and development strategies would not be run by the G-7/8, but rather by a much more inclusive group of countries (‘G-20 plus’), consisting of industrial, emerging and developing countries. As a kind of steering group such a grouping would supervise those areas which are most in need of global regulation (macro-stability, resources and environment, development, social welfare and labour and overarching public goods). They would propose pragmatic solutions to global problems devised by worldwide networks of government officials, academic experts and NGOs (see Bayer 2007). The existing IFIs would play an executive and consultative and secre-



The emergence of ‘new donors’ – as exemplified by the massive interventions by China in Africa – who do not feel bound by the existing rules of development assistance (such as the painstakingly worked-out ‘debt sustainability framework’) is driving a wedge into the dominance of development activity by existing institutions.

tariat role in this structure, with a revised voting structure, giving DCs a much larger share in decision-making than now.

The emergence of ‘new donors’ – as exemplified by the massive interventions by China in Africa – who do not feel bound by the existing rules of development assistance (such as the painstakingly worked-out ‘debt sustainability framework’) is driving a wedge into the dominance of development activity by existing institutions. While the activities of such new donors may be driven more by the wish to secure raw materials and global political influence than by (altruistic) development assistance, they have contributed to new thinking which is making inroads into the existing institutions. As an example, traditional IFIs have started to think about the role of Islamic banking, about non-traditional quasi-property rights, about cooperatives as entrepreneurial organisations in Africa, about the role of religion in development, the special role of women – and many others, unheard of 10 years ago. More participation by the poor, by poor and small countries in the development dialogue would lead to a more open approach to development assistance. There are signs on the wall: orthodox, neoliberal dogmatism has failed to deliver, a new pragmatic approach is starting to appear. Progress in reforming the IFIs has so far been limited and inadequate. However, this is the time to reform them and give small and poor countries adequate representation, lest they ‘vote with their feet’ and leave these global institutions by forming their own.² This, together with the breakdown of the Doha Round, would be another step back from a mutually beneficial global governance of economic and development institutions.

It is open to speculation which developments would drive such a re-organisation of the global development architecture. So far, the dominant industrial countries have shown remarkable resistance to significant change. In a recent speech on the occasion of the World Bank’s 2008 annual meeting, World Bank President Zoellick’s proposal for a ‘new multilateralism’ engages only seven large emerging countries in a ‘new steering group’ in addition to the G-7 countries, but once more leaves out the poorest countries from his considerations.

2 See, for example, the increasing number of signatories to the new Banco del Sur, initiated by President Chavez in 2007.

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Environmental crises and the ambiguous postneoliberalising of nature¹

Ulrich Brand

During the last few decades of the neoliberal-imperial globalisation process, social relations have been fundamentally transformed. Neoliberalism was never a purely market-driven process but also a shaping of other social relations and institutions, especially of the state. The state, private corporations, public discourses but also many aspects of everyday life were reoriented towards economic efficiency and international competitiveness. Aspects such as (re-) distribution or social and/or international solidarity played scarcely any role. As these societal changes have occurred, the appropriation of nature has also been transformed. Dimensions of nature that were previously of little interest were now becoming (potentially) valuable resources to be assessed for their value and incorporated into the capitalist accumulation process. Neoliberalism was and is also an ecological project – that is, a project to transform societal appropriation of nature or societal relationships with nature.²

The argument in this article is set against the following background. There was a first phase of neoliberalism – starting in Chile 1973 and gaining power in the 1980s – which consisted mainly of the destruction of the post-war (Fordist and peripheral-Fordist) institutional settings and (asymmetric) social compromises, and a second phase in the 1990s, after the fall of the Berlin wall, when neoliberal politics was largely uncontested, institutionalised in many spheres of the social and constitutionalised (in national legal systems as well as internationally, for example, in the WTO). *For some years a third phase has been underway, consisting of attempts to deal with the contradictions and crises of neoliberalism itself.* Neoliberal politics has produced highly unstable relations which can no longer be controlled: the most obvious examples are the financial crisis and the social crisis of integration, but there is also a deepening of the environmental crisis. These strategies

1 I would like to thank Achim Brunnengräber, Dieter Klein, Bettina Köhler, Nicola Sekler and Markus Wissen for their comments.

2 Cf. Altwater 1993, Goldman 1998, the overview in Castree 2008; on the concept of societal relationships with nature see Görg 2004, Brand et al. 2008, Brand and Görg 2008.

can be called postneoliberal and they aim to deal with the several crises of functioning and to avoid a crisis of legitimation of neoliberal and especially of capitalist societal relations – or to deal with such a crisis if it occurs.

I give a very short sketch of the development of the environmental crisis since the 1970s and present some reflections on the relationship between capitalism, its neoliberal and neoimperial phase and the societal appropriation of nature. The current environmental debate and the crisis of societal relationships with nature underlying it are put into the context of postneoliberal developments and strategies.

My argument is enshrined in a real – that is, historical – contradiction: there is a widely generalised consciousness that capitalist societal relationships with nature require radical transformation because of the destructive consequences of capitalist-neoliberal and imperial forms of the appropriation of nature. In principle this opens up space for a critique of and a practical change in the dominant forms of societal relationships with nature. However, there are few really alternative practices beyond the important local experiences of subsistence. Therefore, and despite all minor changes, I would call the current constellation *a widely recognised crisis of the dominant socio-economic, political and cultural forms of the appropriation of nature with, at the same time, strong passive consent – as there are no visible and accepted alternatives on a large scale – for those crisis-driven forms*. Environmental politics aims to deal with this contradiction and this is the terrain where postneoliberal strategies and politics emerge.³

Environmental crisis and neoliberal nature

The destructive tendency of the appropriation of nature is inherent in capitalist development, its forms of production, distribution and consumption – all shaped by domination – its instrumental rationality and its *raison d'être* in the valorisation of capital.⁴ Capitalist development is necessarily irrational – that is, in principle, there is no conscious and democratic shaping of societal relations – and this becomes especially clear with respect to societal relationships with nature. Moreover, the use of the resources and sinks of the particular countries and social groups correlates – according to form – with the level of material development (cf. Altvater, this volume).



The destructive tendency of the appropriation of nature is inherent in capitalist development, its forms of production, distribution and consumption – all shaped by domination – its instrumental rationality and its *raison d'être* in the valorisation of capital.

3 Of course, this rather general argument has to be adapted to particular societies and historical conjunctures.

4 With respect to the appropriation of nature, countries practising socialism as well as countries practising peripheral Fordism pursued the same patterns.

In order to understand the link between neoliberalism and societal relationships with nature, it makes sense to see capitalist development and the use of its energy basis as happening in (uneven) historical phases. To give an example: liberal capitalism in the 19th century had a particular energy basis (coal), and particular technological, production and consumption norms. After the beginning of the 20th century, we saw a new energy basis (oil and gas), new technologies – as the assembly line, (mass) production and (mass) consumption patterns emerged in the US and were more or less generalised after World War II (of course, in very different ways) – and a new international division of labour and resource flows.

In the 1970s, an accumulation crisis and a related crisis of the development state and of the Western welfare state undermined the (peripheral) Fordist mode of development. Through a conflictive search process, neoliberal politics was strengthened in many countries, and trade unions and the labour movement, in particular, were weakened (cf. Albo, this volume, on trade unions). The state should create the conditions for a new phase of capital accumulation with legal, discursive and coercive means. This is the underlying grammar of the dominant way of dealing with the environmental crisis. It was not by chance that the socio-economic and political crisis of the post-war mode of development went hand in hand with the politicisation of the environmental crisis (cf. Brand and Görg 2008). The crisis became obvious in the 1970s when public debate and social movements put the problems of societal appropriation of nature on the political agenda.

At the beginning, the environmental crisis was dealt with symbolically and by more or less technocratic state policies. After the mid-1980s some 'solutions' became more and more obvious. After the Rio Conference on sustainable development in 1992, the road towards institutional innovations seemed to be opened and ways of dealing with the most fundamental environmental problems established: new international institutions like the Framework Convention on Climate Change, private companies which understood the profound and innovative changes that were necessary – certain sectors such as the automobile and chemical industries promoted their strategies under the label of sustainability – and an increasing public awareness. A new social group of technocrats emerged, the so called 'earth brokers' (Chatterjee and Finger 1994). However, the aforementioned grammar of societal dynamics was not evident for many years: in fact, in the course of the 1990s, the Rio Conventions on Climate Change and Biodiversity were themselves articulated through neoliberal politics – that is, they became one institutional dimension of the neoliberalising of nature (Brunnen-

gräber 2007, Brand and Görg 2008). Not by chance, we can observe a strong institutional selectivity towards market-based instruments in the very constitution of international climate and biodiversity politics. But more generally, a neoliberalising of nature took place: its privatisation, marketisation, de-regulation but also re-regulation (that is, state policies in order to facilitate privatisation and marketisation), market proxies in the residual public sector and respective flanking mechanisms in civil society (Castree 2008).

Since the end of the 1990s and especially around the 'Rio +10' conference in Johannesburg in 2002 it became clear that the strategies of the corporations consisted much more of a 'greenwashing' than real changes and that the public awareness reached among the global elites and middle classes was only translated into institutional changes as long as their own production and consumption norms were not questioned.

To sum up this first argument: environmental policies were and still are formulated in line with dominant politics and related interests. From the 1980s on, the dominant politics were neoliberal and neoimperial, orientated towards competitiveness and maintaining and enhancing the power of Northern governments, corporations and societies. The iconographic sites of the 1990s were, not Rio de Janeiro, but Baghdad – because of the second Gulf War in 1991 – and Marakesh – with the end of the so-called Uruguay round where the foundation of the World Trade Organization was agreed upon. Neoliberal and neoimperial politics were much more dynamic than politics of sustainable development and were able to determine the dominant development path (cf. Park et al. 2008, Leff 2008).⁵ Policies were and are in the interest of the owners of assets and of the global middle classes – including the middle classes in economically emerging countries such as China, India or Brazil. The Western way of life still promotes its attractiveness worldwide. Human wellbeing and social security are still equated with economic growth and this means the resource-intensive growth of car production, of airports, of industrialised farming, projects of ocean fertilisation, and so on. It is therefore possible to speak of an imperial way of living in Northern/Western countries and also in the nations of the Global South with their growing middle

5 These developments show that we need to distinguish between explicit and implicit forms of environmental politics. The former are intended forms in a specific 'policy field' with specified apparatuses and policies. Implicit environmental politics refers to those manifold societal structures and processes that lead to dominant and dominated forms of the societal appropriation of nature – that is, land use, infrastructure (e.g. the expansion of airports), science, technologies, norms of production and consumption, state policies including financial, trade and economic policies. From a critical and emancipatory perspective it is not enough to focus on explicit politics but to see the broader picture.

class. That means that quite a large portion of the world's population lives by exploiting nature and exploiting other people(s); this is also one crucial element that despite the obvious crisis in the dominant relationships with nature remains largely uncontested.

Recent re-politicisations

Surprisingly, since the end of the year 2006 a re-politicisation of the environmental crisis has taken place on a global scale and, from an emancipatory perspective, it is of utmost importance to understand this. Obviously, it was a 'catalytic mixture' which caused the recent re-politicisation: the assumed peak oil – that is, the definitive exhaustion of the global oil and gas reserves within the next few decades, the growing political power of Russia on grounds of its energy resources, the ongoing war in Iraq, the energy demands of the emerging economies of countries like China and India, the strategies to produce agrofuels for the world market in countries like Brazil or Indonesia, the Stern Report (2006) to the British government and the 4th Report of the Intergovernmental Panel on Climate Change (IPCC 2007; for a critical overview see Brunnengräber 2007).

These recent developments articulate themselves with a certain societal sensitivity for environmental issues in some countries – Germany, for example. This was created in recent decades by social movements and NGOs as well as some scientists and intellectuals, media and state officials. In other countries, like Bolivia or Brazil, conflicts over resources intensified due to degradation and scarcity, price increases and problems of access to the means of subsistence for millions of people as well as the lack of distributional policies.

But there is an additional aspect. The dominant forms of global environmental governance – for example, at the international level, the Kyoto Protocol of the Framework Convention on Climate Change or the Convention on Biological Diversity, environmental political institutions and processes at the regional, national and local levels – are more and more considered inadequate by scientists as well as the wider public (cf. MASR 2005, Park et al. 2008, Brand et al. 2008).

And finally, environmental politics seem to be an integral part of the attempts to re-legitimise neoliberal politics which came under pressure due to manifold protests and problems of social polarisation, impoverishment, environmental problems themselves, and so on. Governments and business intend to create in this situation a win-win-win situation through dominant political and economic institu-



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tions: the proposed sustainable strategies are considered to be good for business, good for consumers, good for society as a whole and good for nature – and, therefore, justify state and intergovernmental policies. Because of the politicisation of the environmental crisis, on the one hand, and the implicit consensus that the dominant ways of production, consumption and relationships with nature should not be changed fundamentally, on the other hand, symbolic politics can predominate, flanked by some political and economic institutional innovations.

Postneoliberal societal relationships with nature

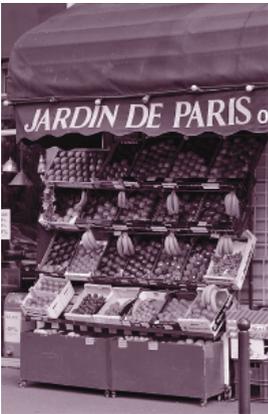
Alongside neoliberal-imperial political, economic and cultural dynamics, the many ruptures, crises and criticisms must also be given greater attention. Because the fact is that some dimensions of post-Fordist and mainly neoliberal relationships with nature are coming in crisis. At a general level we can distinguish between *crises of legitimation* – that is, through social struggles and criticism which delegitimise the existing forms of the appropriation of nature – and *crises of functioning* – that is, problems for the dominant forces themselves and of societal reproduction which, according to form, affect the weaker and more vulnerable social groups and regions most.

In view of the growing consciousness that the existing ways of dealing with the environmental crisis are inadequate and that the neoliberalising of nature produces severe problems, we can identify different postneoliberal strategies and politics concerning the appropriation of nature (politics in the sense of strategies that became socially important). The emerging *terrain* and related *politics* upon which emancipatory, liberal social democratic, (market) liberal, conservative, reactionary and other actors are performing with their respective *strategies* could well be described as postneoliberal. The mentioned ‘types’ do not exist in a pure form but we have to acknowledge the unevenness and the contradictory character of specific developments in the areas of, for example, land use, the production of food and wood, the use of water, ways of dealing with the consequences of climate change, the erosion of biodiversity, the creation of environmental refugees, institutional settings, and so on.⁶ Postneoliberal strategies do not necessarily constitute a rupture with neoliberal politics. On the contrary, the term helps us to understand the *continuities and discontinuities* of the societal forms used to appropriate nature (and we should not mix up

6 At the methodological level, there is not a clear criterion to distinguish the different variants of postneoliberal strategies. The distinctions are rather heuristic and should be developed further in a coherent research programme.

strategies with outcomes – that is, the real shaping of societal relationships with nature in concrete constellations which are often products of compromises). Moreover, the different variants should not be understood in a voluntaristic way – that is, that dominant forces can choose to employ this or that strategy. Usually they are forced to use a specific strategy or several different ones, according to the existing experiences, power relations and socio-ecological conditions.

A *first* and important strategy is one that is part of the postneoliberal struggle – in that it deals with the many contradictions, but is in itself neoliberal. I call it a *business-as-usual version* – that is, the way of dealing with the contradictions of neoliberalism is a more or less reflexive or even a completely ignorant deepening of those strategies. A main feature of modern societies is what Marx called the ‘silent coercion of societal relations’. The production of commodities and surplus value through wage labour and the valorisation of capital through the seemingly equal exchange on the market reproduce highly unequal societal relations in an opaque way. Neoliberal strategies were successful in the strengthening of this dynamics (whereas, before, the partial de-commodification of wage labour was important) and the related policies had strong impacts on various relations: gender relations, the racialised structure of societies, the international division of labour, relations between the younger and older generations (for example, through the capital-market orientation of pension funds) and, as we saw, societal relationships with nature. The *business-as-usual version* of postneoliberalism aims to maintain the same kind of development as in the recent past, with some slight changes, integrating lessons from the worst experiences of neoliberal politics and/or responding to critiques. Here, the continuities of neoliberal policies concerning societal relationships with nature prevail: privatisation, marketisation, deregulation and related issues (see above).



The rationale behind the development of ‘green markets’ and ‘green investment’, is ecological modernisation and the justification as a social market economy – that is, environmental politics without questioning the basis of societal structures and power. A certain individualisation of responsibility takes place and the leitmotifs are enlightened consumers and new lifestyles.

The specific operation of the neoliberal form to deal with neoliberal contradictions and crises is the *‘Rio type’ of politics* – that is, a form of dealing with socio-ecological problems through some institutional innovations, much more efficiency in the spheres of production and consumption, the development of ‘green markets’ and ‘green investment’, and reliance on modern Western expertise. The rationale behind it is ecological modernisation and the justification as a social market economy – that is, environmental politics without questioning the basis of societal structures and power. A certain individualisation of responsibility takes place and the leitmotifs are enlightened consumers and new lifestyles. The Western and – according to form – universalising model of production and consumption is hardly

questioned. This strategy is quite prominent in some countries in Western Europe, of course with differences between Germany and the Scandinavian countries because the latter were and still partly are responsible for the most progressive attempts to regulate capitalism. However, the institutionalised logic of the Rio type does not question neoliberal dynamics.

A second and *openly coercive variant of postneoliberal strategies* comes into force when conflicts about resources or sinks intensify and/or when protest against the predominant structures might involve questioning their very existence. The appropriation of nature and the related forms of social power are not mainly exercised through the market and its political embeddedness but through the military, police and/or private armies, which might lead to open or hidden wars (Ceceña 2006). The coercive variant might also emerge as an imperial strategy when resource-rich societies and their governments are not willing to integrate into the world market or when the political-economic orientation of a country is questioned by a major power. At the international and the national level, the rationale behind it is the maintenance of existing power relations. The extreme political right resorts more and more to openly coercive means. Concerning the political shaping of societal relationships with nature, this version is oriented towards eco-authoritarian politics, which it justifies by referring to resource scarcity, overpopulation, the ‘inability of the poor’ to help themselves and the profligate lifestyles of the masses, which destroy nature.

Thirdly, a *roll-back version of postneoliberalism* – which is an attempt to redynamise state-led capitalist development and to strengthen regional integration – is strong in some Latin American countries such as Venezuela, Bolivia and Ecuador. Here we experience very dynamic social changes through movements, parties, intellectuals and even state apparatuses in the light of the obvious disaster of neoliberal politics. It is a kind of neo-developmentalism (*neo-desarrollismo*) which aims to regulate capital movement, foster the development of infrastructure, and link growth and distribution. However, this does not mean automatically that the damaging societal relationships with nature are subject to change. It is not by chance that the distributional and anti-colonial political project, especially in Venezuela, is often called ‘oil socialism’ because it is based on the exploitation of oil and does not question the societal relationship with nature, which is mediated through domination. Another aspect of the roll-back version considers that some dimensions of the neoliberalising of nature are dysfunctional for private capital itself. Actually, this becomes clear in water privatisation where the expected profits cannot be realised.

Additionally, here we can learn that social protest – as in the Bolivian city of Cochabamba – is important to make capital privatisation processes unattractive.

Emancipatory postneoliberal strategies

A fourth variant – often combined with dimensions of the third one – can be called *emancipatory postneoliberal strategies*. Emancipatory postneoliberal strategies might open up a way of thinking and acting that go beyond the capitalist mode of societalisation, beyond the mediation of the appropriation of nature through patriarchal, imperial and racist social relations. This would require conscious ways of appropriating nature that go beyond valorisation or management that is mediated through domination in the interest of powerful social forces, and deeply rooted in capitalist, imperial, patriarchal and racist forms of living.



Essential for emancipatory strategies is to reject the ‘false alternative’ between the domination of nature – inherent in most of the strategies outlined – and the subordination of society to the assumed ‘laws of nature’.

It implies a critical understanding of precisely these societal relationships with nature. One element here is a critique of the dominant framing of the environmental crisis as a crisis of ‘humankind’ or of overstretched ‘carrying capacity’ or as still too weak management of resources (which is common in the Rio type of environmental politics). In contrast, the appropriation of nature is materially – especially through technologies and labour – and symbolically – through, for example, scientific understandings of nature – mediated, and these economic, political and cultural forms of mediation have to be transformed. Another dimension of emancipatory relationships with nature is the acknowledgement that there is an irreducible plurality of them, despite the fact that some forms become dominant or even hegemonic – that is, widely accepted, and embedded in institutional and everyday practices.

Another essential for emancipatory strategies is to reject the ‘false alternative’ between the domination of nature – inherent in most of the strategies outlined – and the subordination of society to the assumed ‘laws of nature’ (Horkheimer and Adorno 1982). Both orientations strengthen a dichotomist view of nature as something outside of society. An adequate perspective lies in the conscious and democratic shaping of societal relationships with nature (Görg 2004). This also implies a critique of any unilinear understanding of progress which always implied and still implies a deepening of the domination and destruction of nature.

What, against this background, are the important aspects that might strengthen an emancipatory postneoliberal perspective? The following outline is by no means comprehensive but emphasises some important points for general discussion.

Taking experiences seriously: First of all, there needs to be acknowledgement of the manifold experiences of non-capitalist relationships with nature as well as the enormous variety of types of resistance to forms of appropriation that are shaped by domination – and their productive and problematic dimensions. In many parts of the world, societal relationships with nature have never been completely modern and capitalist. However since the 1960s, neoliberal dynamics has tried to modernise those regions of the world which were forgotten by the ‘Green Revolution’. One major example is the South of Mexico and large parts of the states of Chiapas and Oaxaca. In other places, resistance emerged from the local level and moved to the international and transnational level – examples include campaigns against genetically-modified organisms or against free trade at the expense of local farming. Alternative and attractive forms of producing and living, of exchange, and of social divisions of labour and alternative identities are necessary – and they are possible: the protection of the natural commons (water, biodiversity, air, and so on) against their commodification is in many cases a very concrete struggle. Collective consumption, the accompanying infrastructures, more energy efficiency and sustainable goods are not only linked to learning processes but might also question the power of certain producers and the speed of ‘throwaway’ globalisation.

Questioning the forms and contents of economic growth: Social domination is, among other things, codified in the concrete forms and characteristics of economic growth – that is, world market and political competition and the private appropriation of socially produced surplus, resource-intensive production and consumption. Under capitalist conditions, the wellbeing of societies and individuals is linked to those forms of economic growth that involve degradation of nature. Social domination also occurs through access to the means of social reproduction (including knowledge) and through distribution. The alternative is not just a shrinking of the economy but a transformation of the rationality linked to the capitalist mode of development which is inscribed into science and technology, political institutions, subjectivities (the famous figure of the homo economicus) and so on (Leff 2008). Therefore, from an emancipatory perspective, the concrete forms and characteristics of growth and its societal preconditions need to be questioned and practically changed.



Alternative and attractive forms of producing and living, of exchange, and of social divisions of labour and alternative identities are necessary – and they are possible.

Creating linkages: Of utmost importance for emancipatory strategies is the linking of different political and social issues. Their separation into different ‘policy fields’ (including the competences of specific ministries) is part of the technique of capitalist-bourgeois domination. One major example is the current separation of dominant policies of ‘energy security’ in a context of growing competition for energy resources and control of the energy infrastructure. This is largely delinked from policies to combat climate change. Dominant political actors often claim ‘policy coherence’ and ‘comprehensive approaches’ but in fact coherence mirrors – according to form – existing power relations. From an emancipatory perspective, in many cases coherence and integrated policies to deal with problems seriously are only possible if these power relations are changed.

State politics matter: Politics in times of deep socio-ecological crises must be designed differently – that is, as a democratic and informed transformative process that takes into consideration the many ambiguities that exist, but with a view to creating a more just world based on solidarity – beyond the dogma of competitiveness and profitability. Therefore, state and intergovernmental policies tend to be part of the problem rather than the solution. The state is not a neutral entity committed to the general interest of society and wellbeing but first and foremost an institutional condensation of societal relationships – that is, the main rationale of the state is to reproduce capitalist, patriarchal and racist relations as well as specific, socially constituted relationships with nature under which powerful as well as dominated social groups and individuals live. However, recent experiences in Latin America show that emancipatory strategies also require forms of universalisation, legal codification and the backing of financial, discursive and physical means. Moreover, the contribution of state policy to international environmental policy primarily lies in transforming it into more of a ‘domestic political’ matter. As important as international cooperation and so-called political regimes are, changes must nevertheless be promoted within the particular societies and above all ‘on the ground’. This is where powerful non-sustainable interests and everyday orientations hold sway. Many studies on international environmental policy have shown that while international cooperation is important, what is decisive is securing implementation at the nation-state level. ‘Globalisation’ is often nothing more than an excuse. Governments, parliamentarians, parties and individuals in the state apparatus have considerable room for manoeuvre.

Socio-ecological conflicts as starting point: We need to ask whether the highly politicised topic of the environmental crisis and especially of climate change can open up a way for more transformative thinking and action. Socio-ecological conflicts reveal that much more is at stake than symbolic policies to slow down climate change through global resource management: questions of democracy and decision-making, power over social knowledge and the means of production, the necessary reduction in working-hours, the valorising of reproductive activities concerning caring, health, food production, and so on. Environmental issues are profoundly linked to social issues. Exploitative work, especially of ‘illegal’ immigrants and many workers in the Global South, obeys the same logic of profit and accumulation which precipitates the destruction of nature. It is necessary to politicise workers about the cheap food, energy and other goods in which they have an immediate – that is, short-term – interest and which are produced under unsustainable and unsocial conditions. However, this also represents a problem that needs to be solved. Emancipatory socio-ecological orientations and practices need to be linked to a more fundamental critique of the organisation of social life and of alienation, and to a redistribution of social wealth.

Environmental justice: In many emancipatory struggles we can detect an orientation towards environmental justice. In contrast to the rather technocratic concept of sustainable development, this refers, to the contested character of societal relationships with nature. Many environmental problems are not socially neutral but affect different social groups, regions and societies differently. This was the analysis of the environmental justice movement which emerged in the US in the 1980s.⁷ They saw that, as usual, environmentally damaging activities like industrial production took place disproportionately in poorer, often black communities. It is important to address the issue of the distribution of environmental problems – spatially, at the local, regional, national and international level, and socially, in relation to class, gender and race. The political challenge is not just to ‘distribute’ negative environmental impacts equally but to question the dominant forms of production, distribution and consumption. The forms of access to the material means of social and individual reproduction, and the power-mediated framing of environmental problems or ‘the’ ecological crisis, are both at stake. However, the concept of environmental

7 The famous report ‘Toxic Waste and Race’ (United Church of Christ 1987) showed that toxic waste in the US is concentrated in those urban areas where poor people and people of colour live. The authors of this report invented the concept of environmental justice, which became more and more important for groups contesting dominant destructive forms of the appropriation of nature (Bradley and Roberts 2006, Kaiser and Wullweber 2007).

It is important to address the issue of the distribution of environmental problems – spatially, at the local, regional, national and international level, and socially, in relation to class, gender and race.



justice is contested because governments and other actors intend to integrate it into the strategy of ecological modernisation. At the same time, critical perspectives need to reflect an awareness that the notion of justice itself is culturally bound (Bradley and Roberts 2006, Kaiser and Wullweber 2007).

Radical demands and proposals: It might be useful to develop radical demands and proposals through debates and the exchange of views and experiences. These should be articulated in relation to specific problems and alter the ways in which they are interpreted, thus offering possibilities for action. One major debate was initiated by Walden Bello's quest for 'deglobalisation' of the international political economy (2002): he argues, among other things, for a need to reject Western consumerism and a focus on resources from outside via foreign direct investment and proposes the promotion of environmentally-sound and local technologies, distributional justice, self-determination and an important role for the democratic state. A major conflict field consists of the struggles against privatisation in response to the overall negative experiences of the last 20 years. These are still rarely linked to environmental issues and a debate about democratic and sustainable forms of the appropriation of nature. A similar debate is needed in the light of the current financial and banking crisis.

Learning processes and democracy: We should not overlook the fact that the current problems are also caused by the relative material wellbeing of many people. Especially the middle-classes in Western coun-

tries but also the ‘new consumers’ in the Global South seemed and many still seem to profit from current developments (Myers and Kent 2004). A deeply rooted imperial subjectivity, involving a problematic relationship with nature – where a subjectively more-or-less good life in some regions of the world or among certain groups can conceal the ecological and social consequences of that lifestyle elsewhere – has to be replaced by a new attitude. Therefore, it is not enough to bargain over emissions targets; a broad and – since different interests prevail – conflictive learning process has to take place in order to promote alternative but attractive ways of living, producing and consuming, based on a relationship with ‘nature’ that goes beyond one of domination. Emancipatory politics seeks to strengthen alternative strategies and forms of living through cooperative learning processes and where necessary through conflict. Next, questions of democracy arise. Who decides about production and investment? Who controls access to knowledge? To give one illustration: technological development, with its profound consequences for societal relationships with nature (as, for example, in the case of genetic and nano technologies), and driven by intercapitalist competition, needs to be subject to democratic discussion and decision-making. The existing forms of representative democracy are not adequate. Here again it is clear that the solution to the problem should not be seen as residing in Western scientific knowledge, intergovernmental processes and ecological modernisation for the Western middle classes at the expense of many others, especially the poor and the earth’s resources.

A brief outlook. The postneoliberal terrain is not completely open but relatively structured due to historical developments and current power relations. As we have seen, environmental issues are questions of power and domination – though this is not to simplify them as above equals bad and below equals good. Unless linked to a practical critique of societal and socio-ecological domination, environmental politics runs the risk of remaining a nice wellbeing programme for the enlightened middle-classes. But in contrast to the 1970s, in most countries there seem to be no relevant social forces that might be capable of changing the overall dynamics and orientation towards the exploitation of nature. However, the terrain is full of contingencies and this might give critical thinking and emancipatory action a chance. Therefore, we need a reflection of different strategies to maintain and shape societal relationships with nature.

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The crisis of neoliberalism and the impasse of the union movement

Gregory Albo

It is impossible to separate analytically or politically the emergence of neoliberalism as a set of policy proposals of the New Right in the early 1980s from the defeat of working class politics and unions after the radicalisations of the 1960s and 1970s. From the outset, a central thrust of neoliberal policies was wage and social austerity for workers to restore the profitability of capitalist firms and the capacity of the state to assist in economic restructuring. These income policies were supplemented by labour market policies for 'flexibility' and labour policies, especially in North America, targeted at weakening unions in the workplace, in collective bargaining and as political actors (Albo 2008).

The consolidation of neoliberalism across the 1990s saw its policy agenda expand in ambition and scope, particularly as social democratic parties (and the American Democratic Party) – the so-called political arm of the labour movement – began to incorporate neoliberal policies into their programmes and rule as neoliberals in power. Indeed, as new production technologies, in both manufacturing and service sectors, intensified workplaces, extended management control over labour processes and increased global competition between firms and states over market shares and employment, the balance of power shifted decisively toward the capitalist classes. Unions became decidedly weaker in making gains in collective bargaining, organising and defending new members, especially in new service sector employment and for migrant workers, and advancing their traditional redistributive policy agenda for social justice.

The political climate since September 2001, particularly in North America, has been especially hostile as slower economic growth, military interventions by the NATO countries and hard right governments broke initial efforts by unions to form alliances with a fledgling anti-globalisation movement. The period of neoliberalism has depended upon – and meant – the organisational, economic and political impasse of the union movement. It exposed the limits of the union movement in the core capitalist countries: the ideological failure to grasp the nature of neoliberal globalisation and union strategic and organisational capacity to respond to it.

It is possible to see in the political conjuncture that has opened up since the financial turbulence of 2007 began to grip the world market, however, an emerging crisis of neoliberalism. The overaccumulation of capital in key sectors in the US and Europe, particularly in commercial and residential real estate markets, auto production and financial services, has led an economic contraction that has been spreading across the world market. This crisis of global capitalism has been aggravated by unprecedented turmoil in the financial sector due to the overextension of credit, and the tax-cutting excesses and liberalisation policies of national governments and the international financial institutions. The credit expansion and crisis is not the result of problems of corporate governance or lax regulatory measures over the capital leveraging of financial institutions, whatever role these may have in fact played. They are the consequences of structural imbalances in the world market between trade surplus and deficit countries, and the undermining of working class incomes that were then compensated by resort to credit markets to maintain relative living standards. Together, these global economic trends have ended the export-led – particularly driven by high demand and prices for commodity exports in metals and fossil fuels – mini-boom over the last six years in many parts of the world, as well as the consumption-led upswing in the US that supported the exports.

Over the first half of 2008, economic growth in the advanced capitalist countries has stalled to under 1 per cent on an annual basis, and further declines are expected for the second half of the year and beyond that. Growth forecasts across the world market are continuing to be lowered. These developments have meant that consumption-sensitive sectors, such as housing and retail, are suffering sharp declines in activity. As speculative financial and asset bubbles continue to burst – in mortgage, personal and commercial credit, in commodity markets, in hedge fund capitalisation, and in the Yen-carry trade – financial chaos is deepening in the core states and spreading globally. Bank credit and loan capital of all kinds are tightening and even locking up. Radically looser monetary policies in the G20 countries, and a range of desperate measures of state intervention into financial markets to restore confidence for investors and bankers, have yet to yield any signs of economic stability as 2008 comes to a close. The spectres of deflation and a bout of stagnation are now haunting the world market.

As a consequence of the economic slowdown and crisis, job losses are mounting in the labour market, and unemployment is beginning to climb upward. This is intensifying a number of negative longer-term trends in the labour market in the capitalist countries over the pe-

riod of neoliberalism: downward pressures on real wages, an increase in precarious and marginal work, the undermining of public sector services and employment, increasing reliance on migrant workers with restricted rights, and mounting global inequalities. It has further encouraged employers to step up their political struggles against unions in favour of further policies of labour flexibilisation. There is developing, moreover, major employer efforts across the advanced capitalist bloc to undermine (at the state level) and redefine or even scrap (at the company level) workers' pension plans, and to cut health-care provisions (private health plans in the US and public healthcare provision in other countries). These calls from employers, despite the hardships they entail for working class people, have so far received a sympathetic hearing in the economic policy-making branches of states. The initial policy efforts of governments have been an attempt to reconstruct the existing policy regime and political relations, despite the severity of the recession limiting the possibility of doing so.



It has become impossible to contend that flexible labour markets and de-unionised workplaces improved job security and pay.

The economic turmoil has produced, however, an ideological crisis of neoliberalism: the free market ideology that has been virtually uncontested at the level of political power for almost two decades is now totally discredited. It has become impossible to contend that smaller states and liberalised markets will lead to prosperity for all (the trickle-down thesis); that public services could be protected and improved by increased reliance on markets (the theses of self-regulation and marketisation); that new financial instruments were spreading risk and increasing economic stability (the theses of transparency and shareholder value as central to efficient capital allocation); that flexible labour markets and de-unionised workplaces improved job security and pay (the thesis of all employment and unemployment as voluntary individual decisions); and that increased market dependence meant a parallel increase in freedom and equality (the thesis that all collective action is coercive and anti-democratic). These theoretical claims by neoliberal ideologues have now proven to be unmitigated failures as policy frameworks, and a social disaster for whole societies and workers where they have been adopted.

What remains of neoliberalism, it needs to be underlined, is its political embeddedness in state structures, policy instruments and the political field of social forces. The disorganisation of working class organisation, in unions and political parties, was one of the central objectives of neoliberalism. It remains, at this point, the most formidable obstacle to both thinking about and establishing a postneoliberal political order. This is why it is necessary to make a deeper assessment of the impact of neoliberalism on the labour movement and the prospects for a new union politics in the context of the renewal of the left.

Union movement challenges

Unions have been one of the most effective social movements for the advancement of democracy and social justice in capitalist societies. Unions have been the first means by which workers, who to earn their living have only their labour to sell, struggle to equalise the advantages that the owners of capital assets have in bargaining over wages and the distribution of new value-added activities in workplaces. Unions have also continually campaigned, in conjunction with socialist parties, for the extension of democracy through advocacy of universal participation in politics, civil rights such as freedoms of association, assembly and dissent, and the universalisation of social programmes to meet the basic social needs of all. These struggles for social justice were opposed historically by the capitalist classes, and the advent of neoliberalism as the policy response of employers and conservative parties renewed their anti-democratic efforts (Moody 1997).

Neoliberalism sought to roll back the gains of unions and workers in the workplace, and put an end to the push by unions and leftist parties for greater worker control in enterprises and democratic determination of economic priorities at the level of the state. Their policy response was measures to weaken unions in workplace representation, deregulation of labour markets, increased corporate property rights and free trade in capital and goods. After a long period after the war in which expansionary state policies and high employment strengthened the bargaining power of union, this was the first challenge unions faced.

Beginning with the economic slowdown of the 1970s, and particularly after the ‘Volcker shock’ in the US in 1981–82 radically drove up US and thus world interest rates to force an economic restructuring to break workers’ wage expectations and power, an ‘employers’ offensive’ ensued across the advanced capitalist countries. Employers began a series of labour-saving plant shutdowns and a major shift of production to locales with lower union density, for example the southern US and northern Mexico in the case of North America. Further workplace restructuring continued through the 1990s. It took the form of the so-called ‘new economy’: a rise in service sector employment (especially linked to ICT – information and communications technologies – and the mass growth of various kinds of low-paid servant work), lean production-intensifying work processes, flexible manufacturing systems, non-standard work arrangements and extensive resort to cheap migrant labour pools and temporary worker programmes. The ‘employers’ offensive’ and much higher levels of labour reserves meant that inter-worker competition increased as well, particularly as migration and increased female participation changed the



Restructuring led to the so-called ‘new economy’: a rise in service sector employment, lean production-intensifying work processes, flexible manufacturing systems, non-standard work arrangements and extensive resort to cheap migrant labour pools and temporary worker programmes.

character of the working classes. Indeed, the entire period of neoliberalism has seen a remarkable degree of wage compression and widening gaps between the share of new value-added activity taken by capital and that taken by workers.

The pressure on wages and workplace controls has posed, in turn, a challenge for collective bargaining. This has often entailed extensive efforts to overhaul union agreements to give management increased flexibility in employment, deployment of workers and over wage structures. This has been quite diverse in the forms it has taken across the capitalist countries. In Europe, for example, this has been a form of ‘competitive corporatism’ where unions form social pacts with companies to increase competitiveness through wage restraint, new work arrangements and long-term contracts; while in North America flexibilisation agreements have been a more common pattern in unionised workplaces, along with sustained efforts at de-unionisation. In traditional manufacturing strongholds in North America, this has meant that unions like the United Steelworkers have often engaged in ‘partnership’ and co-management schemes introducing flexible work arrangements as a trade-off for some job protection and union security. And unions like the Canadian Autoworkers have been willing to forego the right to strike to gain union recognition to bargain with auto parts companies, notably Magna. The latter is a variation of the ‘voluntary recognition agreements’ of unions by management occurring in the service sector, often after long unsuccessful organising campaigns but extensive losses to corporate image and time, with unions accepting certain workplace and bargaining concessions in the process. There have also been similar adjustments, again with significant national variations, to national and sectoral collective bargaining institutions. This has given variation to a common pattern of wage compression and bargaining setbacks: the ‘shared austerity’ of Sweden, the ‘co-managed austerity’ of Germany, and the ‘punitive austerity’ of Canada and the US.

A third challenge has come in the form of flexible labour market policies. Neoliberal governments explicitly abandoned Keynesian economic policies geared towards full employment for monetarist policies of ‘inflation-targeting’. The latter has meant targeting low inflation rates normed so that wage increases largely do not surpass the rate of inflation and thus all productivity gains are claimed by employers. It has also meant a preference for maintaining a ready pool of labour, available – because of a ‘natural rate of unemployment’ – to take up new work, particularly in the service sector, as it becomes available. Another component of flexible policies has been restricting access to,

and reducing benefits for, programmes such as unemployment insurance or social assistance. These are seen to cause disincentives to work and labour market rigidities which hamper economic stability. Finally, flexible labour market policy has entailed a series of continual restrictions on union organising and free collective bargaining, notably the increasing invocation of back-to-work and right-to-work legislation across all North American jurisdictions.

The internationalisation of capital and the global re-organisation of labour processes has been a fourth challenge for unions. Multinational corporations have chosen expansion of international production networks, in particular distributing repetitive and ecologically damaging labour process in poorer countries where low wages can be paid. But they also shifted higher value-added activities to places where union strength is much weaker to allow the introduction of new labour processes. This reorganisation has increased the leverage for employers through the threat of capital flight and the relative immobility of labour. The World Trade Organization (WTO) and international trade agreements such as the North American Free Trade Agreement (NAFTA), as well as the political arrangements of the European Union, all have rules restricting the ability of governments to impede capital mobility. Moreover, they often contain clauses blocking more active industrial policies. Workers in Mexico, for example, earn about one-tenth or less of the wages of workers in Canada and the US for similar work; the initial period of NAFTA saw some 2 million less skilled jobs move to Mexico, particularly in the *maquilas* free trade zones in the northern border states. Parallel global pressures have hit Mexican workers, and indeed all workers, by the massive shift of so much of the world's manufacturing capacity to China and other low-wage Asian countries. The internationalisation of capitalism, aided by trade liberalisation and new trade rules, further compels employers to drive down unit labour costs and hold back wage gains.

Indeed, the weakening of unions, in turn, fuels competition between workers and further shifts the balance of power in favour of employers. In the most recent phase of neoliberalism, this has led to the embrace of 'competitive unionism'. The inequalities and divisions between workers as a consequence become not only greater, but embedded in the very logic of union organisation and strategy. With competitive unionism, union democracy, mobilisational capacity and ideological independence from employers all become strained or even atrophy.



Union density in the US, for instance, has declined to just over one in 10 workers being in a union today, and more than a dozen core capitalist economies have seen an absolute decline in union membership.

New struggles, new movement?

The challenges that emerged with neoliberalism put union movements in the advanced capitalist countries on the defensive and, in more than a few cases, meant a decisive defeat. Union density in the US, for instance, has declined to just over one in 10 workers being in a union today, and more than a dozen core capitalist economies have seen an absolute decline in union membership. This reflects, in part, the difficulty of organising the service sector. But the inability of collective bargaining to deliver systematic real wage gains and to block welfare state reforms also tells of the broader impasse of the labour movement over the period of neoliberalism.

Still, despite the major challenges, it is necessary to note that key struggles and signs of political resistance keep surfacing, from both inside the labour movement and also associated social forces and movements (Schenk and Kumar 2006). In North America, some of this has come from ‘living wage’ struggles led by local labour councils in major cities, in alliance with community groups, to reach out to the low-waged and unorganised, who are predominantly women and people of colour. The mass immigrants’ rights May Day protests, as well as the day-to-day campaigns for the protection of non-status workers, have taken place outside the main union movements, but also led to new linkages and alliances. Similar types of struggles are helping to rebuild local labour movements in many countries. Despite often defensive and weak leadership beaten down by neoliberal attacks, central labour organisations are also developing a new sense of urgency, at least in the sense of convention resolutions on organising, mobilising and political issues. If there is still great distance to go in translating sentiment into political action, it does suggest some significant openings for rebuilding the labour movement.

The economic recession, in the most pressing example of an opening for new union activism, is leading to a major decline in employment. The weekly announcements of workplace layoffs and closures in the manufacturing sector suggest an even further undermining of ‘good jobs’ in core union strongholds. The layoffs are spreading across the service sector as well, with the often female and minority workforces there moving from precarious work to no work at all. In early 2008, employer pressures on collective bargaining were already visible, and the long period of neoliberalism has encouraged employers in crisis to adopt all kinds of abuses of severance and overtime pay, pension obligations and so forth. At a time when governments are also bailing out banks and financial institutions, the building of an anti-concessions movement is not only a necessity for the union movement,

but it will have broad popular appeal. This can begin with opposition to contract concessions on worktime and wages, but more militant workplace tactics such as plant occupations and community confiscation of assets will have to be explored. In reaching out to unorganised sectors with vulnerable workers facing abusive employers, ‘flying squads’ of union militants need to be actively built up as part of an anti-concessions movement. Indeed, ‘organising the unorganised’ has to be a central component of an anti-concessions campaign. It would have to include a campaign for a new legal framework favouring union organising to overturn neoliberal policies of deunionisation. In a moment of economic crisis and political transition, such a movement has to extend beyond the defence of particular plants and workers to be framed as a class and community demand.

A second opening is in the public sector where workers have confronted both limits on their rights and deteriorating working conditions as public services have declined as a result of neoliberal policies. It is possible to envision new kinds of union campaigns linking public sector workers and communities, producers and users, in opposition to neoliberalism. It can also be insisted that responses to the economic slowdown begin with restoring the public sector, since so many years of financial sector-led growth has ended in the current debacle. A number of campaigns – notably some of the anti-privatisation struggles around healthcare, universities and municipal services – have had successes across several countries. These community-union alliances have often lacked full union support, even when major campaigns and demonstrations suggest enormous potential. This is, however, also a reflection that social democratic parties have moved to a ‘post-class’, ‘post-partisan’, and ‘post-campaigning’ managerial culture. Unions and community groups have been fighting without organising support at the political level of forces that these campaigns engage. But whatever the limits, new organisational capacities of the unions and the left, in both connections and political consciousness, keep being built in the process.

The closing of the gap between international solidarity and social justice movements and the union movement is a third opening that needs to become central to union strategy and struggle (Waterman 2001). The formation of international production networks has partly made this a central need for collective bargaining. Works councils and campaigns are needed across companies and sectors as a basic mechanism to reduce competition between workers (rather than serve as a mechanism, as works councils have sometimes been, to increase company competitiveness) and to form a capacity to coordinate struggles. There have been interesting examples of these ef-



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forts in the steel, auto and healthcare sectors extending from North America to both Europe and Latin America, with perhaps some of the most interesting campaigns forming in the fight against the militantly anti-union Wal-Mart. But the common interest of different union movements in class struggle against international corporations has yet to form at the strategic and organisational levels. With union movements on the defensive on a national basis from neoliberalism, it has been hard to forge new international solidarities. But union and social justice struggles between one country and another are more linked now than ever as a part of global production systems.

Such an orientation also puts on the union agenda other international solidarity campaigns: notably against the intolerable conditions of Palestinian workers in the Occupied Territories and inside apartheid Israel; against the continued assaults on unionists in Columbia; for the rights of migrant workers; for the rights of workers in countries like Venezuela to nationalise industry and experiment in workers' control; and against the NATO alliance wars of intervention and occupation. These internationalist campaigns require a significant re-orientation by union centrals and affiliates, but they could play a disproportionate role in union renewal.

The very defeat of the union movement in the advanced capitalist countries at the hands of neoliberalism provides a fourth opening. It requires unions to fundamentally assess and transform their own institutions and practices in the struggle for a postneoliberal – even postcapitalist – order. This is partly about looking at the organisational divisions of unions as they now exist. It is especially about a process that sees unions as developing workers' capacities and contributing to building a different society – social justice unionism (Fletcher and Gaspasin 2008). This entails democratising the internal practices of unions, expanding education of members, encouraging rank and file activism in leading strategic orientations and struggles, and examining union practices on gender and race and incorporating a diverse membership into an equally diverse leadership.

These are steps of internal organisational renewal. But it is also necessary to re-insert unions as a central component of wider struggles about work and production. One way is through extending union membership into workplaces even where a majority membership has not been attained as a means to break through employers' hostility or to amalgamate workers dispersed across small service-sector work-sites. Another is to make local labour councils key centres of working class political activism. This has been an aspect behind 'union city'

organising campaigns and also campaigns for living wages and immigrant workers' rights. It is possible to see this approach extending into other activities, from issues of local development and 'jobs and justice' campaigns to assemblies of working class organisations. Organisational renewal in both its internal and outreach dimensions is crucial to forging a new form of postneoliberal 'common sense' in the day-to-day activities of union members.

If these openings lead to new political struggles that create wider traction across the union movement, a reversal of the way neoliberalism has damaged working class organisation will have begun. In such a context, it is possible to envision an outline of an alternative union development model emerging. In collective bargaining, for example, new ways to address wage improvements and employment expansion could be adopted. Solidaristic work policies that radically redistribute work through work-time reduction, overtime caps, and sabbatical and parental leave might be vigorously pursued. Bargaining might put an annual work-time reduction factor alongside an annual wage improvement factor (set to reduce social and wage inequalities) for sharing-out of productivity gains. Work-time reduction could also be put towards education and skills that expand the capacity for self-management at work and leadership in the community. And alternative workers' plans for quality, ecologically responsible production – an imperative, given the need to make a 'green' transition to a carbon emissions-neutral energy economy – could begin to build the foundation for expanding workers' control over enterprises. An expansionary fiscal policy to respond to the economic crisis might not only rebuild the public sector, but also be linked to unionisation and a longer-term strategy to re-establish a redistributive tax system. Such a postneoliberal agenda emerging from the unions movement will, of course, be equally about the renewal of the left.

Renewal of the left

The impasse of the union movement is, in this sense, also reflective of a wider decline of the left, in North America and, indeed, globally (Panitch and Leys 2001). Working class political organisation, in unions and parties, achieved a great deal in the course of the 20th century: leading de-colonisation and self-determination struggles; struggling for liberal freedoms and democracy; improving wages and benefits; and advancing welfare states and social citizenship. But the social forces that achieved these gains are now quite different: the communist parties have, for good and ill, all but disappeared even in places where they once held power (or they have made their peace



Organisational renewal in both its internal and outreach dimensions is crucial to forging a new form of postneoliberal 'common sense' in the day-to-day activities of union members.

with capitalism as in China); the social democratic parties have politically re-aligned to chart a 'Third Way' that no longer even poses a reform agenda to neoliberalism; unions are in retreat; and many civil society movements have evolved into professionalised NGOs navigating the grant economy. The central political coordinates for labour movements over the last century – being for or against the Russian revolution; attempting a vanguard seizure of the existing state apparatus or reforming it piecemeal; conceiving unions as primarily the industrial wing of this or that political party – vanished almost at the same pace as neoliberalism consolidated as the all-encompassing social form of rule.

From both the neoliberal assault on unions and the decline of socialist parties, there emerged the sense across the left of 'starting over' in mapping out the organisational and strategic agendas for social justice and socialism, to the extent that the latter was still seen as a desirable objective at all. This meant initially, especially in Canada but soon spreading to the US and other parts of the world, an effort to work through social coalitions apart from political parties. In this schema, unions are only one node in a network of oppositional power. This strategic outlook became incorporated into the anti-globalisation movement at the end of the 1990s as a clustering of dissident groupings, with unions cautiously making linkages to the movement through so-called 'Teamster-Turtle Alliances'.

This political 'movement' has had, more or less, three predominant clusters. One has been remnants of the radical left, and certain strands of Trotskyism in particular, that emphasise global resistance 'from below', and that in the revolutionary juncture near at hand that a 'Leninist' organisation is still the necessary vanguard for a deepening anti-capitalist movement. A second has been an uneasy mix of anarchist, libertarian and indigenous groups with the view that a combination of spontaneous rebellion and alternative direct practices could directly confront – and also bypass – existing capitalist states. And, third, a more encompassing 'anti-power' politics standpoint that has contended that neither party nor programme is necessary as the left can 'change the world without taking power'. These views have all, in certain ways, made a contribution to a revitalised anti-capitalist politics. They have continued on in the loose organisation form of the World Social Forum, with its national and local offshoots. Most of these decentralised forums have floundered, however, and exist only as occasional regionalised social justice fairs with little or no capacity to engage in organised political struggle.

It is often claimed that the anti-globalisation movement was ‘cut short’ when US President Bush began his ‘war on terror’ after September 11, 2001. This requires a sober assessment of the organisational state of the movement and its seeming eclipse over the last years. It seems clear that its ‘network’ vision of power has not been adequately grounded in working class politics – a renewal of unions, day-to-day community struggles, and the contestation of the class power crystallised in state power and institutions. The movement of the Western powers towards the policy of a ‘long war’ across the Middle East, for instance, did not give added vitality to the anti-globalisation movement. This is especially surprising given the strengths of the global peace movements in fighting the Second Cold War of the 1980s and the first Iraq War. Similarly, the lack of grounded organisation has left unions and the left as a whole floundering in both protest and strategic response to the financial crisis and the largest single blow to neoliberal hegemony yet struck.

It is hard not to conclude that the political thinking and organisational forms that emerged with the anti-globalisation movement have been quite limited in capacity and tentative in strategy. It has not yielded a viable means to contest political hegemony and power in a period of neoliberal globalisation, and the spread of liberal democratic political institutions. The ‘national-popular’ framing of the issues of the day by neoliberalism, discredited as it has become, has not yet been displaced by a socialist version of ‘common sense’ that would seem fundamental to charting a path out of a neoliberal social order. If the anti-globalisation movement was quite right to insist on the necessity of moving beyond political frameworks formed in quite different historical moments and contexts, it has failed to supply the political, ideological, organisational and working-class resources essential to building a postneoliberal order, let alone the capacity to contest capitalism at the political level of social forces.

The sudden setback of a movement that seemed so compelling, vibrant and globally engaged has been politically unsettling. It has necessarily given way to a period of experimentation in new left political formations and organisational creativity. This can be seen in the important political struggles in Latin America under the banner of building 21st century socialism. Significant political realignments and breakthroughs appear also to be unfolding in Greece, Germany, France, Portugal and other places. This can hardly be said to be the case in North America: from once leading some of the most noteworthy fightbacks against neoliberalism and globalisation in the 1990s, against NAFTA and in Seattle and Quebec City, the North American

left is deeply fractured, at an organisational dead-end and only beginning to pose the question of how to build anti-neoliberal political alliances and a new politics of a pluralist left (Aronowitz 2006).

There is, then, profound unevenness in the renewal of the left in different parts of the world. In all cases there are only fragile linkages to union movements and only the beginnings of the remaking of working class political organisation. But a new dynamic of struggle seems to be unfolding. As neoliberalism enters a phase of crisis, important struggles are being waged in workplaces, communities and states. These struggles have quickly been coming up against the obstacles put in place by neoliberalism and the limits of existing working class organisational capacities. Even the best union campaigns and most significant struggles soon reach these limits and have had to make every effort to push beyond them.

In the first instance, the fights to preserve jobs and pensions, public healthcare and community spaces for women, to improve the status of immigrant workers, or against imperialist wars in the Middle and Far East, has led to efforts to connect anti-neoliberal struggles across unions and communities. Increasingly, such struggles are pushing union activists and movements in the direction of anti-capitalist politics to oppose the barbarism that is neoliberalism in crisis. This wave of struggle is only in its earliest stages, and still needs to be set against the backdrop of neoliberal power structures and union impasse, particularly in North America, where the labour movements are just beginning the long process of renewal. Yet, glimmers of hope are breaking through the structures of neoliberalism: the possibility for remaking working class organisations, and the active rediscovering of a 21st century socialism that is the necessary condition for imagining and making actual a postneoliberal social order.

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Women peasants, food security and biodiversity in the crisis of neoliberalism

Christa Wichterich

From the perspective of feminist economics, the neoliberal system with its functional principles of efficiency, competition and orientation to profits goes against the operative rationality of provision and co-operation in the care and subsistence economies with which social reproduction and food security is guaranteed, above all by women and their unpaid labour. Certainly, capitalist markets have over-arched, penetrated and functionalised such traditional moral survival economies for a long time. However, neoliberalisation is not a comprehensive and definitively closed process, but rather, consists in incomplete and non-contemporaneous phases of integration, inter-linking and subjugation. After every crisis, political and economic forces set about organising new neoliberal projects and conquer new fields and terrains that were previously only partially or marginally integrated.

In a complex contradictory relationship, neoliberal politics and economics define care and subsistence economies – private households, unpaid labour and nature – as extra-economic and unproductive. At the same time, however, they presuppose care work as infinitely flexible, extendable and indispensable base and social security net for the monetarised economy. Without them, the market sphere cannot work (Elson 1991). Furthermore, neoliberal politics and economics functionalise and economise selective elements of these sectors. Capitalist intervention places natural, human and intellectual resources in the sphere of economic value, integrating them according to requirements into its valorisation processes and, in cases of diminished profitability, throwing them back into the care and subsistence economies.

At the same time, these markets seek to increase their efficiency by externalising ecological and social costs and pushing them into the spheres defined as extra-economic. Crises are softened and administered by a downloading of costs, burdens and risks into the kitchens, onto the peasants' fields, onto the women performing unpaid care work and into the environment (Elson 2002). Market integration and

cost externalisation are thus entwined processes and modes of functioning of the neoliberal system.

It is not only that markets – and this is shown once again by the current food supply crisis – fail in relation to securing social reproduction and food. Even more: they represent, in their tendency to crisis, a threat both to social and food security and to the functional logic of social reproduction, of production and use of local experiential knowledge, as well as of agriculture based on natural processes rather than on industrialised methods and inputs.

In the wake of intensified growth and competition, women have been increasingly integrated in recent years into the markets as self-responsible and independent actors, while gender has been integrated into political programmes. Precisely because this construction of women as fully fledged, self-responsible market subjects latches on to emancipatory key images of feminism such as self-determination, individual freedom, independent securing of existence, liberation from patriarchal control and public participation, it is historically an advance in gender equity. On the other hand, we are dealing here with an integration that has been instrumentally established in line with neoliberal goals, and with steps towards equal opportunity that obey the rules of the game of the system instead of changing them – as initially aimed at by feminism.

Women peasants, biodiversity and local knowledge

With their kitchen gardens in local communities, women are responsible for the food crops that secure the food supply. Cash crops and monetary income are, on the other hand, defined as masculine. The construction of women's roles as food providers, as guarantors of the biodiversity of food plants and of seeds, continues, even though many women peasants also perform a great part of the ongoing work on men's cash crop fields or produce fruit, vegetable or flowers for export as contract farmers and daily labourers: that is, they are integrated into transnational agricultural valorisation processes and contexts (Wichterich 2004).

Masculine and feminine roles in agriculture are constructed within the gender-specific division of labour and in the context of the dual agricultural production system – commercial, chemical-intensive monocultures, on the one hand, and mixed cultures geared towards local markets and self-sufficiency, on the other. Under the influence of local regional and global market forces and in the socio-cultural allocation of



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gender-specific tasks and capacities, traditional responsibilities and social ascription of masculinity and femininity are entangled in ever-new ways and transform power relations (Krishna 2004; Rupp 2007).

The Guatemalan peasant women who design their kitchen garden like many spirals turning into each other of corn, sweet potatoes and other vegetables are tied by a mixture of survival pragmatism, ancestor worship and natural philosophy to their land and biodiversity. They treat both as an inheritance from their ancestors, from which they are not allowed nor want to separate themselves through sale. The plots should remain in the clan or in the ethnic community, in order to ensure their survival and well-being.

The peasant women have had their own understanding of biodiversity and of the seed as their own means of production 'for centuries'. They see their work self-consciously as value-creating activity and their knowledge as productive capacity, with the help of which they have not only maintained the genetic stock, but have productively further developed it. Furthermore, they have accumulated detailed knowledge of the nutritional value and healing powers of local species. Traditional knowledge in these reproduction contexts is a constitutive element of survival spaces and a central livelihood resource (Kuppe 2002). The women peasants therefore understand themselves as investors: they give value to the plants and develop their productivity, which in its turn ensures that the women enjoy esteem in the community.

Their practical and strategic interest in biodiversity and in food security often brings the women peasants into conflict with their men. Official government agricultural advisors offer the men commercial seeds and praise the advantages and earning possibilities of monocultures, recently above all those of organic fuel. In Burkina Faso, many peasants followed the desire of the government and planted cotton, reducing the fields of the women, in order to have more land available for the allegedly lucrative cotton. The women nevertheless continued to foster and care for biodiversity in the kitchen gardens. It was precisely that which ensured their food supply when the cotton prices on the world market fell into the basement. Peasant women in Tanzania had a similar experience. In a subversive action, they planted banana trees and cabbage between the coffee trees, even though the government had forbidden mixed farming on the export fields.

Protection of species diversity and market mainstreaming

When COP9¹, the ninth conference of the signatory countries of the Convention on Biological Diversity (CBD) and the fourth conference of the members of the Cartagena Protocol on Biological Security (MOP4)² met in Bonn in May 2008, there was a notable confrontation in the parallel civil society forum Planet Diversity in a women's workshop. An official of the secretariat of the CBD proudly presented the CBD Gender Plan of Action to the workshop participants, predominantly activists with a peasant or environmental NGO background.³

The CBD Gender Plan of Action was accepted, after a year of lobbying and of overcoming of some resistance, as a reference document for the COP9. Reference documents should inform the signatory partners, but they nevertheless are not objects of negotiation and have no binding character. Gender experts celebrate the action plan as successful acknowledgement of their concern to direct political attention in the field of biodiversity to the goal of general equal opportunity. It repeats the dictum of many UN documents, namely, that gender equality and the empowerment of women are important preconditions for the protection of the environment and sustainable development, and recognises women's knowledge of biodiversity and their role in the management and protection of resources.

The main goal of the action plan is to integrate a gender-responsive perspective into the framework of the CBD with the help of gender mainstreaming, and to allow women to participate in the governance mechanisms, the negotiations and implementation. In opposition to the technical procedure, however, questions of content regarding the relation of gender and biodiversity nevertheless remain ignored. What, then, does a gender perspective mean in relation to biodiversity? Does it mean the goal of gender equality? Is it an instrument for the recognition of gender-specific needs and interests? Or against the discrimination of women in the CBD process? And is a gender perspective on biodiversity related to the perspective of peasant agri-

1 COP stands for Conference of the Parties, the meeting of the delegates of 190 signatory countries of the CBD (Convention on Biological Diversity).

2 Meeting of the Parties, meeting of the member states of the member states of the Cartagena Protocol, which is a supplement to the CBD regulating dealings with genetically modified organisms (GMOs) in international trade.

3 UNEP/CBD/COP/9/INF/12, Convention on Biological Diversity: The Gender Plan of Action under the Convention on Biological Diversity, 11 March 2008, <http://www.cbd.int/cop9/doc/>

culture or to the perspective of the large landowners, the perspective of indigenous ethnic groups or of agribusinesses? These questions already suggest that the action plan as an instrument that aims only at the integration of gender and the participation of women disregards both the production relations as well as the micro-economic level of resource usage of different actors in their dealings with biodiversity (see also Wichterich 2007).

The representatives of women peasants and activists at Planet Diversity correspondingly reacted indignantly to this Gender Plan of Action that claimed to represent their interests.⁴ It is neither in their strategic nor their existential interest that their agricultural biodiversity is put into terms of economic value on the world market or taken away from their usage and preserved in nature reserves. The women don't want to be mainstreamed or to engage in negotiations that presuppose their expropriation. They don't want to share in profits that businesses make with their resources. Rather, they want to prevent the transformation of their agricultural biodiversity and their knowledge into trade commodities. Instead of the freedom of businesses and trade, they demand the freedom of self-determined production independent of the world market and the exchange of seed among themselves. As women peasants they are afraid of a double depreciation: the lack of the food sovereignty based upon biodiversity and the lack of the appreciation that they enjoy as the food suppliers of the local communities.

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⁴ <http://www.planet-diversity.org>, <http://www.wloe.org/Women-of-Planet-Diversity.539.0.html>

Industrialisation of agriculture and the commodification of biodiversity

In the phase of agroindustrial modernisation in the name of the ‘green revolution’, the locally generated, resource-specific experiential knowledge of peasants was initially overlooked and deemed useless in the new contexts of production and valorisation. Under the sign of neoliberal globalisation, however, even this in situ knowledge and the local biodiversity become an object of strategies of selective marketisation and exploitation. Free trade is supposed to create access for the market and entrepreneurs even to the last ‘unexploited’ resources and to squeeze them along with the local usage knowledge connected with it into the commodity form in transnational markets.

The biodiversity convention that was set in motion by the UN Conference on Environment and Development in Rio de Janeiro in 1992 links the market logic with the necessity of protection. On the one hand, biological diversity should be included in global commodity competition and the profit cycle; on the other hand, it should be protected by being zoned as nature protection parks –excluding the indigenous owners. With the offer of benefit-sharing, the CBD tries to mediate between the long-established proprietors of biodiversity and the private economy, which wants to appropriate genetic resources with patents and commercialise them. Sharing in profits here serves as stimulus for the communities, which collectively own biodiversity, to agree to the commercialisation. Flanking the UN convention, free trade agreements codify the protection of biodiversity as environmental services and as a liberalised sector with rules for intellectual property rights (TRIPS)⁵.

The appropriation and patenting of genetic material and traditional know-how about food resources by agribusinesses and pharmaceutical companies disembeds these from their spatio-temporal and social practice of usage and tries to treat them in a decontextualised form as a commodity. This privatisation of the collective survival capital of biodiversity and knowledge is in opposition to the concept of property and survival of the women peasants. For them, the biodiversity built into and further developed in the logic of their provision economy is a model opposed to the dominant concept of development,

5 Trade Related Intellectual Property Rights. The agreement on trade related rights of intellectual property was added to the General Agreement on Trade and Tariffs (GATT), under pressure from US industry. It obliges all members of the World Trade Organization (WTO) to implement the strong regulations of the patent rights of industrial countries in national law.

which, with the dogmas of the market and of growth, advocates monocultures in the fields and in the mind, and which wants to integrate local species, seed and indigenous knowledge into the business logic of the global markets. Whether or not preceded by a scientific inventory of profitable genetic resources (bioprospection), biopiracy or a contract of sale – for the women the transformation of genetic material into patents and commodities, is appropriation of resources and a threat to their mode of existence and production.

The current supply crisis in the world agromarkets shows that food security cannot be guaranteed by industrial mass production and free trade, but rather, on the contrary, is massively threatened by it. For peasant women, this is confirmation that food supply can be best secured through cultivation on the basis of local biodiversity and for local markets. Capitalism, as noted by Marina Meneses Velazquez, corn farmer and city councillor for ecology in Juchitan in Mexico, proposes false solutions for peasant agriculture: commercialisation of resources and integration into the world market, on the one hand; nature protection zones for the conservation of biodiversity, on the other hand. Both expropriate the women.

Alternative banks and stock exchanges

As the diversity of local species and knowledge was lost with the introduction of monocultures, peasant women from Zimbabwe to Bangladesh began to set up, or to reanimate, their own banks and exchange systems for seeds (Akhter 2001). Their orientation to the

Against the annihilation and theft of traditional knowledge, peasant women and grassroots movements organise capacity-building in local communities, in order to maintain traditional knowledge and passed-down skills that risk being forgotten.



needs of producers went against the valorisation interests of the agribusinesses and the world market. In seed movements in India and in Southern Africa, peasant women collect seed, themselves conduct biological classification, research and qualitatively high-value seed propagation, set up collective seed banks and organise seed festivals with exchanges for knowledge and seed. Thus they cross, cultivate and develop the crop, always adapting it to local necessities. These practices form and prove their knowledge and abilities of maintaining biological diversity and of proliferating in forms independent of the market (Seed and Hoering 2002).

Against the annihilation and theft of traditional knowledge, peasant women and grassroots movements therefore organise capacity-building in local communities as memory-building, in order to maintain traditional knowledge and passed-down skills that risk being forgotten: for example, knowledge about indigenous plant and tree species and methods of seed proliferation. The reactivation and passing on of indigenous knowledge systems implies an upgrading of this knowledge in comparison with modern know-how and an empowerment in order to secure one's own survival and food supply.

Networks like that around the NGO Community Technology Development Trust (CTDT) in Southern Africa, the Coalition in Defence of Diversity in India or the South Asia Network on Food, Ecology and Culture (SANFEC) demand from governments and multilateral institutions the conservation of seed and knowledge diversity, so that the right to food, health and self-regulated survival economies are not sacrificed to commercial interests. At the same time, these grassroots movements are also articulate opponents of the adoption of genetically modified organisms (GMOs) and campaign forcefully against the politics of agrimultinationals like Monsanto. The struggles for the conservation of biological and cultural diversity as a fundamental resource for the diversity of survival practices and local economic cycles are not only defensive struggles against the formation of monopolies of hybrid or genetically modified seeds, of patented and universalised expert knowledge, but also struggles against the free trade model as the universalised mode of the economy and of survival. The peasant women want to 'live' biodiversity and refuse expropriation by the market system as well as by gender mainstreaming. Neither the CBD nor the Gender Plan of Action offer them answers to their questions regarding food sovereignty, regarding indigenous intellectual property and survival.

These social confrontations over biodiversity provide evidence that the neoliberalisation of social nature relations was never a process without resistance. Certainly, the defensive struggles of local resource owners could not prevent the neoliberal appropriation of nature, but they cause breaks in the global consistency and contradictions in the coherence of the system. Even if the resistance is locally limited and not to be generalised, it conserves, first, niches and peripheries that are not yet fully integrated, while, second, it opens up possibilities of developing postneoliberal alternatives out of these enclaves.

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On recent projects and experiences of the Sufficiency Economy – A critique

Chanida Chanyapate and Alec Bamford

On 2 July 1997, after repeated speculative attacks by currency traders had exhausted the national foreign exchange reserves, the Bank of Thailand announced that it was abandoning its defence of the Thai baht in favour of a ‘managed float’. The baht promptly sank, losing more than half its value in six months. The IMF was called in, finance companies were closed, insolvent banks (at least the politically unprotected ones) were merged or sold off to foreign houses, thousands of companies went bankrupt, and hundreds of thousands lost their jobs.

Thailand’s attempts to follow IMF prescriptions – liberalisation of capital controls, deregulation of finance companies, reliance of foreign investment, and export-led growth based on exploitation of cheap labour – had ended in disaster. The country’s administrators blamed predatory hedge funds (George Soros cheerfully admitted his role) and charged a handful of officials with mismanagement. The IMF claimed the correct policies had been corrupted by an Asian tradition of ‘crony capitalism’. But a number of analysts pointed instead at neoliberal policies themselves as the cause of the crisis.

In his birthday speech from the throne in December that year, HM King Bhumibol Adulyadej recommended the Sufficiency Economy (SE) as a way out of Thailand’s economic problems.¹

What is the Sufficiency Economy?

And is it really an alternative to neoliberalism?

Royal birthday speeches are long, largely anecdotal and unscripted, and although Sufficiency Economy was supposedly based on the experience gained from Royal Projects² dating back to 1974, there was

¹ English translation available at <http://kanchanapisek.or.th/speeches/1997/1204.en.html>

² ‘Throughout his reign, HM has initiated over 3000 projects because he has a goal the good health of the Thai people. His projects benefited millions of people; there were new technology, sustainable access to water, and reduction of floods.’ Dr Chirayu Israngkun na Ayuthya, Matichon, Education Section, 25 July 2006.

from the outset enough uncertainty about the exact meaning of SE for the king to return to the same topic the following year.³

Part of the reason for this lack of clarity stems from the reverence granted to the monarchy in Thailand, buttressed by some of the most restrictive *lèse majesté* laws in the world.⁴ Initiatives with the royal imprimatur like the Sufficiency Economy have to be taken seriously, even when poorly understood. Critical commentary on SE, which might both define and refine the concept, has been deliberately limited.⁵ But SE provides the official framework for the 9th and 10th National Economic and Social Development Plans 2002-11, and is enshrined in the constitution. It has acquired its own bureaucracy, and innumerable projects, both government and NGO, are cloaked in SE terminology, even when the relevance seems strained. The government even commissioned an SE song, which is played to captive audiences from time to time.

The officially approved explanation of SE uses a discourse resembling Buddhist philosophy more than economic theory. SE is founded on three principles: moderation (akin to the Buddhist concept of the ‘middle path’); reasonableness (or an understanding of cause and effect, also fundamental to Buddhist teaching); and self-immunisation. These principles require the use of, firstly, knowledge or wisdom, and secondly, morality or virtue. The goals are balance and sustainability, often re-cast by economists as ‘optimisation’ as opposed to the ‘maximisation’ of traditional capitalist systems. Importantly, while the SE discourse was from the outset focused on examples at the individual or community level, SE is explicitly promoted as a policy for private businesses of any size and for national economic management.



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3 English translation available at <http://kanchanapisek.or.th/speeches/1998/1204.en.html>

4 Article 112 of the Thai Criminal Code makes it an offence to make defamatory, insulting or threatening comments about the king, queen, heir apparent or regent, punishable by a minimum of three to a maximum of 15 years in prison. Unlike the laws on defamation, *lèse majesté* charges can be brought not only by the injured party, but by anyone. Furthermore, it is no defence to prove that the statements are true or constitute fair comment. The law therefore invites exaggerated or malicious prosecutions; an MP is currently facing a *lèse majesté* charge for allegedly insulting the administrators of a school with which he is in dispute and the *lèse majesté* charge arises from the fact that the school in question was given its name by the king.

5 The 10th International Thai Studies Conference held in Bangkok in January 2008 staged two sessions on SE. However, as with the sessions dealing with the *lèse majesté* laws, it was thought too controversial to include the papers in the published conference proceedings.

The outsider may wonder at the apparent conflict between SE and the neoliberal free-market ideologies previously dominant in Thailand. Mainstream economics posits enlightened self-interest, unencumbered by any sense of altruism,⁶ morality⁷ or natural limits, as the mainspring of the economy, which, mediated solely by the ‘invisible hand’ of the market, will lead to greatest efficiency in the production and distribution of goods and services and the greatest common good. The idea of ‘enough’, inherent in SE, is largely ignored.

Can the Sufficiency Economy co-exist with capitalism and globalisation?

Those who were closest to, and benefiting from, positions of economic power quickly answered ‘yes’. Although in the drafting of the 2007 constitution, there was apparently an initial debate about ‘whether we want our economic system to be based on capitalism, on market forces, or on the concept of sufficiency economics’,⁸ the question was quickly decided. SE and free-market capitalism *are* compatible. Section 83 of the constitution mandates SE as the guiding economic philosophy; immediately following that, Section 84 stipulates that the state must support ‘a free and fair economy based on market forces’.⁹

Almost as soon as it became clear that the Sufficiency Economy was a serious proposition, private businesses, banks and government agencies began ‘auditing’ their operations and discovering, without fail, that they were compliant with SE. In 1999, a gathering of academic

6 ‘It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our own necessities, but of their advantages.’ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Book 1, Ch 2.

7 Ronald Coase, in ‘The Problem of Social Cost’, published in the *Journal of Law and Economics* in 1960, argues that when firms are faced with the choice of breaking the law and making a profit from it, and keeping to the law and forgoing this profit, then the decision on what choice to make should weigh the expected profits against the chances of getting caught and the attendant costs. Coase earned a Nobel Economics Prize for this kind of amorality.

8 Somyos Somviwatanachai, member of the constitutional drafting committee, quoted in the *Bangkok Post* of 23 February 2007.

9 Official translation stored at the National Assembly of Thailand (NAT), accessible at http://en.wikisource.org/wiki/2007_Constitution_of_Thailand. However, the translation available from the Election Commission of Thailand (<http://www.ect.go.th/english/files/2007-constitution-english%5B1%5D.pdf>) and other unofficial translations have instead ‘a free economy based on market forces’, without the word ‘fair’. The Thai original (see <http://www.krisdika.go.th/lawHeadContent.jsp?fromPage=lawHeadContent&formatFile=htm&hlD=0>) clearly supports the NAT translation.

economists happily concluded that SE was compatible with economics as they knew it.

However, SE did not sit well with the administration of Prime Minister Thaksin Shinawatra (2001–2006). His ‘populist’ policies – the National Universal Health Care Scheme (popularly known as the 30-baht healthcare system), Village Funds, each of 1 million baht, and rural debt relief – did not use the SE framework or terminology, and were criticised by the SE establishment (UNDP 2007). The overthrow of the Thaksin government in the September 2006 coup led to the appointment of former Privy Councillor General Surayud Chulanont as Prime Minister with the task of drafting a new constitution. With Thaksin out of the way and royalists in power, SE was now unopposed.

Endorsement of the Sufficiency Economy went international with the UNDP 2007 Human Development Report for Thailand. Under an Advisory Panel made up of numerous establishment figures closely associated with SE, the report repeatedly asserts, though with scant supporting argument, that SE ‘can co-exist within a framework of capitalist economic principles’ (35), and that ‘the Sufficiency approach was compatible with mainstream economics because it accepted trade and globalization’ (59).



Each person, business or country can use wisdom and morality in order to be moderate and reasonable regardless of the actions of any other player in the economy.

And SE was declared a success in 2006 by Chirayu Israngkun na Ayuthya:¹⁰ ‘Thailand faced an economic crisis in 1997 but was able to recover quickly because HM the King has bestowed the SE philosophy to the Thai people.’¹¹

The ease with which SE could be co-opted to support mainstream as-you-were economics perhaps derives from its lack of interest in how economic relations are structured. With the possible exception of self-immunisation, the principles of SE apply to the individual player, not to the rules of the game. Each person, business or country can use wisdom and morality in order to be moderate and reasonable regardless of the actions of any other player in the economy. Rather than trying to achieve a balanced, sustainable economy by means of societal measures such as progressive taxation, laws banning usury, or limits on the exploitation of natural resources, SE looks to individuals to police their own economic activity.

Even in the area of self-immunisation, where effective risk management would seem to benefit from collective action, the Sufficiency Economy speaks in terms of individual prudence and parsimony rather than of risk-sharing mechanisms like social welfare systems.

Because it never addresses structural issues, SE also avoids dealing with issues of power. There is no sanction against those who are immoderate, who are unreasonable, or who take too many risks, and consequently no protection for others from the repercussions of their actions (other than whatever ‘self-immunity’ measures they may be able to implement by themselves). In this, the goals of SE again resemble Buddhist philosophy; nobody can make you enlightened, just as nobody can prevent you from achieving enlightenment. It’s all up to you.

In the years since it has become the received wisdom in economic policy, the effect of SE on national policy and businesses has been hard to trace. For example, the UNDP 2007 report lists five macroeconomic measures undertaken by the Thai authorities supposedly as a result of application of the principles of SE in the decade following the 1997 crisis (59). Two of these (high levels of foreign reserves and conservative levels of public debt) were government practice before the crisis and were obviously insufficient in providing immu-

¹⁰ Dr Chirayu is Director-General of the Crown Property Bureau (of which more below) and was co-Chair of the Advisory Panel to the UNDP Thailand Human Development Report 2007.

¹¹ Matichon, Education Section, 25 July 2006.

nity against it. Two others (flexible exchange rates and inflation targeting) are standard neoliberal measures, and flexible exchange rates could be argued to increase the vulnerability, or reduce the immunity, of a heavily export-oriented economy. The fifth measure ‘research work...begun on the creation of a national risk management scheme’ (59) does not yet appear to have been implemented, more than 10 years after the king advocated SE. This is not an impressive record of macroeconomic reform to be attributed SE principles.

Continuing exposure to foreign markets through a high level of dependence on exports and the opening of the previously protected banking and insurance sectors to foreign competition are also hard to reconcile with the principle of self-immunity.

Some outspoken proponents of SE at the corporate level, such as the Crown Property Bureau (CPB), have unashamedly undertaken projects that seem to bear no relation to SE principles. Since the economic crisis of 1997, the CPB has been involved in numerous development projects, including the upmarket Bangkok shopping malls of Siam Paragon and Central World Tower, as well as plans for a ‘Champs Élysées’ of shopping and for Bangkok’s tallest skyscraper. When returns on its property investments slumped after the 1997 crisis, the CPB instituted a more aggressive approach, evicting low-rent tenants in favour of transnational retailers.¹² It is hard to find much moderation in promoting and profiting from the conspicuous consumption of luxuries, and the newly-evicted tenants are unlikely to find CPB’s policies reasonable.

At the community level, however, the SE establishment points to what appear to be significant alternatives. The UNDP report devotes much space (UNDP 2007: 38-47) to the Inpaeng Network in the rural Northeast, for example, which does seem to incorporate SE principles. Numerous other community-based initiatives are now claimed to be examples of the Sufficiency Economy. Government officials in agriculture, community development and other areas of work in the field, now act as agents instructing villagers to implement SE, in word if not in deed.

To understand how these community-based initiatives are alternatives, it is necessary to know what they are alternatives to.

12 ‘How Thailand’s Royals Manage to Own All the Good Stuff’, *Asia Sentinel*, 1 March 2007.



‘We know that the thing which has made us poor is not that we’re idle and don’t want to work. We’re poor because of “development”.’

The dominant economy of the rural areas of Thailand today is the result of ‘development’. Supported for almost half a century by Bangkok ministries and foreign aid programmes and implemented by a huge intrusive bureaucracy of government officials, development is seen by many Thais as an imposition, like taxes or military conscription, rather than as a benefit. ‘We know that the thing which has made us poor is not that we’re idle and don’t want to work. We’re poor because of “development”’, says a Northeast villager from the *Assembly of the Poor*’ (UNDP 2003).

Thailand had for centuries been a food-exporting country and the first wave of industrialisation was financed on the export earnings of agriculture. When national development plans began in earnest in the 1960s, the strategy was to run agriculture as if it was an industry: maximise output by expansion of production (turning forests into farmland) and by increased efficiency achieved by ‘higher quality’ inputs (synthetic pesticides and fertilisers); exploit economies of scale (monocropping); and monetise the rural economy by production for the market rather than home consumption. At the same time, measures such as the rice premium (effectively a tax on rice exports) ensured that the wealth generated from agriculture did not percolate back down to the farm gate, which in turn ensured a ready supply of cheap labour for the embryonic manufacturing sector.

The results have been environmental degradation, rural debt and social breakdown as the economically active sector of the population fled the countryside for unskilled wage labour in the factories around Bangkok, leaving behind ghost villages of grandparents and children.

In communities lucky enough to have retained competent and far-sighted leadership – local practitioners of alternatives, such as the ‘guru’ farmers – or the assistance of NGOs offering a different vision from that of government, the motivation for developing alternatives has been multi-faceted.

Despoliation of natural resources as a result of capitalist agriculture took the form of pollution of the soil and water from agro-chemicals, and deforestation or conversion of natural forest to plantations of eucalyptus and other environmentally damaging crops.

The answers were alternative agriculture in a variety of forms with low external inputs, and reforestation through community forestry.

The debt problem is often simplistically blamed on villagers' profligacy in buying consumer goods like mobile phones, motorcycles and TV sets and in maintaining social prestige through over-lavish funeral, wedding and ordination ceremonies – in SE terms, a lack of moderation. In fact, most farmers became trapped in the debt cycle by following the prescriptions of government agricultural extension officers who advised buying external inputs and arranged credit (aka debt) to make this possible. The cost of inputs rose inexorably as diminishing effectiveness required increasing quantities, while prices earned from produce were subject to high levels of volatility. Rice-growing became one of the easiest ways of losing money in the Thai economy.

The answer, found by some farmers themselves, has been to reduce exposure to the market. Production is focused firstly on self-reliance, at both the individual and community level, with only the surplus being traded. The abandonment of market-oriented mono-cropping in favour of mixed farming also reduces the need for synthetic inputs. Although income from sales is reduced, expenditure is also reduced, since food is grown, not bought, and there is no need to buy pesticides and fertilisers. If debt can also be eliminated, crippling interest payments are also avoided.¹³

Phuyai (Headman) Wiboon Khemchaloem of Chachoengsao is a nationally recognised example of many farmers driven to near bankruptcy by 'modern' agriculture, who have returned to solvency and high levels of productivity by switching to debt-free alternatives. The Inpaeng Network featured in the UNDP 2007 report was also started as a reaction to increasing debt caused by capitalist agriculture and consumerism.

Loans required for capital improvements or to meet life's emergencies can be supplied from community savings groups and credit unions. These activities serve as excellent stimuli for further community development. Regular deposits require ongoing participation; women's involvement is very high; success depends on fostering and strengthening intra-community trust; and successful capital formation can, apart from providing loans to individuals, form the basis of a community welfare system and finance community enterprises such as rice mills.



The debt problem is often simplistically blamed on villagers' profligacy in buying consumer goods like mobile phones, motorcycles and TV sets and in maintaining social prestige through over-lavish funeral, wedding and ordination ceremonies.

¹³ Farmers are normally considered poor risks by commercial banks but can arrange low-interest loans from the government Bank for Agriculture and Agricultural Cooperatives (BAAC). However, these loans are normally for one production cycle only. One poor harvest which yields insufficient cash income to repay the BAAC loan will send the farmer to the informal credit market where interest rates of 5-6 per cent per month are normal.

Examples of what were previously thought of as community self-reliance development alternatives, but which now often carry an SE label, show characteristics that are not made explicit in the normative SE canon.

One of these is participatory democracy and collective action.¹⁴ The importance of these, especially to achieve self-immunity, is repeated by many community leaders. Amphon Duangpan of Khlong Pia savings group, Chana District, Songkhla, says: ‘Community capital builds national immunity’.¹⁵

For example, the first collective activity for self-reliance in Ban Thuem Tong, Muang District, Nan, involved setting up a ‘community welfare fund’ in 1974 through communal growing of red beans on temple land for sale, the sale of fish from a community pond, and a savings group. The welfare provided includes funeral payments, scholarships and emergency loans without interest. The village now manages 3.7 million baht¹⁶ in various funds for a population of 84 households (264 people), and is now publicised as a prize-winning example of successful SE practice.¹⁷

Collective marketing is also valuable in offsetting the market power of middlemen, and numerous groups, such as the villagers of Mae Tha, Chiang Mai, practise this.

Collective community cohesion is also helpful in tackling problems arising when some individuals fail to adhere to SE principles and engage in drug and alcohol abuse, gambling, and corruption at the local government level.

Another issue about which the Sufficiency Economy is silent is equity, perhaps because its chief proponents enjoy such obviously unequal status. SE explicitly accepts differences in levels of personal wealth. ‘Some things may seem to be extravagant, but if it brings happiness,

14 While the account of the Inpaeng Network in the UNDP Thailand Human Development Report 2007 clearly includes a description of its participatory structure, there is no conclusion that such a structure is a defining or even facilitative aspect of SE.

15 Public Policy Development Programme, National Health Foundation, ‘Local Public Policy: Strong Communities Edition’, October 2005.

16 Approximately US\$ 105,000.

17 Cited in www.rakbankerd.com (in Thai).

it is permissible as long as it is within the means of the individual.¹⁸ So what is immoderate for a person on a low income can be moderate for someone better off. The poor man sufficiently walks; the not-so-poor woman sufficiently rides a motorcycle; the billionaire sufficiently chooses which of a fleet of luxury cars to use.

This acceptance of, or at best apparent unconcern about the gross and growing inequities in Thai society in the SE philosophy have led many civil society leaders to question whether it is simply a mechanism for persuading people to maintain the economic status quo.¹⁹

The ability to decide whether one's consumption is moderate depends on having sufficient means to choose. The middle path between not too little and not too much is not open to those who have less than enough. It is also argued by many²⁰ that globalisation, which is supposed to be compatible with SE (see above), is itself a cause of growing inequity.

Community-based alternatives are normally restricted to within communities or networks of communities where disparities of wealth are not high. However, many operate welfare systems that help alleviate the worst poverty. Thai civil society has campaigned for mechanisms that would reduce economic inequity, such as inheritances taxes, taxes on large land-holdings and unused land, a shift from regressive taxes, such as VAT, towards more progressive taxes, and the establishment of welfare systems to cover cases of sickness, old age and unemployment. None of these feature as part of SE doctrine.

There are longstanding, sustainable and serious local community-based alternatives to mainstream development in Thailand. Many have used the momentum of SE in order to further these initiatives. 'We know we've been working for community self-reliance long before the king announced his SE philosophy, but the SE buzz word coming from the king has helped made our work with communities

18 HM the King, Royal Speech on the Occasion of the Royal Birthday Anniversary, 4 December 1998.

19 Suspensions are not allayed by publications such as 'Sufficiency Economy: A New Philosophy in the Global World: 100 Interviews with Business Professionals', published by the Thai Chamber of Commerce. A review comments: 'the main aim of the volume was to enable the good businessmen and businesswomen...to demonstrate their unwavering royal loyalty [in] 100 statements of corporate platitude and uncritical loyalty.' (A. Walker 'Business Professionals Prostrating', 23 April 2008; available at <http://rspas.anu.edu.au/rmap/newmandala/2008/04/23/business-professionals-prostrating/>).

20 Such as the UN 'The World Social Situation: The Inequality Predicament,' 2005.

easier.²¹ They find no difficulty with the principles of SE, but also see the importance of participatory democratic action as a surer guarantee of immunity. They are also far more interested in questions of redistribution and equity.

Nor are they fooled by the paradoxes in SE. ‘The problem is that the government seems to prescribe SE for communities, while at the national level, they continue to negotiate for free trade and propose new mega projects. It is hypocritical.’²²

For the SE philosophy to support community-based alternatives that are broadly in line with its principles and objectives, certain things must happen.

First, more recognition must be given to the need for cooperative, collective, democratically-decided action and the political space required for this to happen. A Community Forest Bill was submitted to parliament via a constitutional mechanism that allows citizen initiatives. It was rejected in favour of a competing version from the bureaucracy that effectively removes communities’ rights to manage the local environment.

The ability to decide whether one’s consumption is moderate depends on having sufficient means to choose. The middle path between not too little and not too much is not open to those who have less than enough.



21 Interview with Wichitra Chusakul, Deputy Manager, NET Foundation, Surin, 9 October 2008.

22 Interview with Bamrung Kayota, Chair of a Tambon (subdistrict) administrative organisation, Kalasin, and farmer-activist, 9 October 2008.

Government resources, currently directed overwhelmingly to the private sector, must be diverted to support community-based SE alternatives. The government also has the responsibility to see that natural resources of land, water, seeds and local wisdom are protected from degradation, commodification and privatisation.

The bureaucracy must be made to realise that SE is not a philosophy that can be imposed by diktat as previous development policies in Thailand have been forced onto communities. ‘Some communities have implemented [SE], some only put up signs,’ notes Bamrung.²³ The danger is that the essence of SE will become so diluted as to be meaningless.

And finally, since SE as genuinely practised at the community level represents an important contribution to reducing consumption and harm to the natural environment, it is imperative that community-based models are scaled up so that they have a genuine impact at the level of private businesses and government policy.

The Sufficiency Economy came to prominence after the 1997 crisis of the Thai economy. If the crisis was the result of neoliberal policies, does SE therefore represent a postneoliberal alternative?

It should be recognised that the Thai economy before the crisis did not altogether conform to the classic neoliberal pattern. At the macro level, it is true, liberalisation of markets, especially of the capital market in 1992, was very much work in progress. However Thailand had never been required to undergo a structural adjustment process and many areas of the economy (such as electricity generation and distribution, public water supplies, and the postal service) had not been privatised as had occurred in other countries, and remained under government control.

Also, government intervention was much more visible at the micro level, especially in the rural economy, with centrally-driven policies imposed, with greater or lesser success, by a large and intrusive bureaucracy. The freedom of economic action for all players in classic neoliberalism was therefore circumscribed.

Since the Sufficiency Economy became the accepted discourse, the concept has been co-opted at two levels.

²³ Ibid.

We have seen that at the national and corporate level, SE has degenerated into little more than pietistic declarations of royalist obedience, while business carries on more or less as usual. Since SE at this level does not in fact represent an alternative to the status quo ante, it can hardly be described as postneoliberal.

SE has also been co-opted at the community level, where genuine economic alternatives, many pre-dating the official launch of SE, and often incorporating ideals that are missing from the SE ideology, are now routinely couched in the SE discourse. It is quite usual for these community initiatives to have been conceived, and to see themselves, as a reaction to the mainstream rural economy. However this mainstream economy was not analysed as ‘neoliberalism’, but simply as ‘capitalism’ and ‘development’.

Importantly, these community-based alternatives, often inspired by the teachings of Buddhism, rejected the importance of greed (or enlightened self-interest) as the motivational mainspring of capitalism; and at the same time communities demanded, or simply wrested, democratic decision-making power, which was absent from the government-directed development process. The label of ‘postneoliberal’, while containing an element of truth, would in this case also be misleading.

So does the Sufficiency Economy represent a postneoliberal alternative? Well, only partly, and then not really.

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兴正元广场
XING ZHENG YUAN PLAZA

WAL★MART
沃尔玛商场



Merry Christmas!

WAL★MART
沃尔玛

Struggles against Wal-Martisation and neoliberal competitiveness in (southern) China – Towards postneoliberalism as an alternative?

Ngai-Ling Sum

The rise of neoliberalism has prompted adaptations, resistance and a search for alternatives. This article concentrates on the case of (southern) China, especially the close relation between local states and global capital and its implications for a socialist and/or postneoliberal future. The first section briefly sketches the rise of glocal (global-local) ‘competitiveness’ discourses and practices related to neoliberalism and its justification in terms of the metaphor of ‘clusters’. The second section focuses on Hong Kong/Pearl River Delta and illustrates how this body of competitiveness knowledge is being recontextualised in terms of the discourses and practices of ‘cluster-building’, ‘foreign direct investment’, and ‘global sourcing’ from ‘China as a global factory’. Together these discourses and practices contribute towards the disciplining of time and space of the region as an ‘economic powerhouse’. Global giant supply/retail chains such as Wal-Mart source from the region, thereby assisting their practice of selling at ‘Always Low Prices’ around the world. The third section explores how the trend towards ‘Wal-Martisation’ has prompted diverse anti-neoliberal challenges from transnational and trans-local anti-globalisation groups. They criticise this kind of price-value competitiveness especially in terms of its impact upon land use, labour problems, gender inequalities and local communities. This article discusses the case of a Hong Kong-based NGO called Students and Academics Against Corporate Misbehaviour (SACOM) and its efforts to challenge labour issues in the region. This kind of bottom-up approach is complicated by a top-down approach from the Chinese central government to ‘persuade’ Wal-Mart to form unions, especially in face of a fall in union membership and general social unrest. The fourth section discusses the social unrest and a related policy turn towards a social agenda under the Hu/Wen leadership. This partly coincided with the 2008 neoliberal financial crisis that renders the discussions on the future of socialism more relevant, if not more urgent, amongst ‘new left’ intellectuals. These discussions in China also resonate elsewhere. For example, in certain circles of the transnational left, Chavez’s project in Latin

America is narrated as ‘21st century socialism’ (or postneoliberalism). Does the development of Chavez’s project in Venezuela and of similar ones in Bolivia and Ecuador shed light on the search for a potentially counter-hegemonic alternative to neoliberalism? Drawing on Jessop and Gramsci, this section ends with two cautionary notes.

The rise of glocal neoliberal competitiveness

One prominent discourse related to the rise of neoliberalism concerns the glocal cultures of ‘competitiveness’. In the main, this body of knowledge is constructed and coordinated by academic gurus/entrepreneurs, consultancy firms, policy thinktanks, and international/regional organisations (for example, Harvard Business School, Monitor Group, the Competitiveness Institute, World Economic Forum, the United Nations Industrial Development Organization – UNIDO – and Asian Development Bank). An exemplary case is Michael Porter, a Harvard Business School professor and consultant with a background in competitiveness analysis of firms, industries, nations and regions (1980, 1985 and 1990). His work won early attention in the policy field; he was, for example, a member of Reagan’s first Commission on Industrial Competitiveness. He constructed the ‘diamond model’ based on four factors: demand conditions, factor conditions, firm strategy, structure and rivalry, and related and supporting industries, whose interaction is also shaped by the nature of ‘government’ and its interventions as well as by ‘chance’ factors. Porter added that these micro-foundations would be strongest when they formed ‘clusters’, a metaphor that denotes ‘a geographic concentration of competing and cooperating companies, suppliers, service providers, and associated institutions’ (Porter 1990).¹

Porter’s model has been criticised and debated² but remains popular and is sold in the form of re-engineering solutions by related Harvard institutions (for example, the Institute for Competitiveness and Institute for Competitiveness and Strategy) and associated strategy firms (such as the Monitor Group and ontheFRONTIER Group). Through its joint claims to expertise and efforts, Porter’s cluster-based competitiveness concept was applied to different countries (e.g. Canada, Denmark, New Zealand, Portugal, Sweden, and Switzerland) and regions (e.g. Atlanta, Central European Region-Vienna, and Hong Kong/PRD). Several strategy firms (e.g. ontheFRON-

1 Clusters are made visible via the technique of ‘cluster charts’ which identify local industries based on export statistics and use the diamond model to test selected cases to establish a pool of unique clusters.

2 For a summary of this debate, see Martin and Sunley (2003).

TIER Group) have adapted this model to emerging markets (e.g. Mexico and Rwanda). The discourse of competitiveness has also been adopted/adapted/recontextualised on different scales by international organisations (e.g. World Economic Forum and UNIDO), regional banks (e.g. Asian Development Bank), national agencies (e.g. United States Agency for International Development) and city governments and organisations (see Table 1).

Table 1
Some examples of institutions and discourses related to 'competitiveness' across different scales

Scales	Examples of institutions Involved	Examples of competitiveness discourses/instruments
International	World Economic Forum	<ul style="list-style-type: none"> • <i>Global Competitiveness Index</i>
	The Competitiveness Institute	<ul style="list-style-type: none"> • <i>The Cluster Initiative Database</i> • <i>The Cluster Initiative Greenbook 2003</i>
	United Nations Industrial Development Organization (UNIDO)	<ul style="list-style-type: none"> • <i>Clusters and Networks Development Programme 2005</i>
Regional	Asian Development Bank	<ul style="list-style-type: none"> • <i>Asian Development Outlook 2003: III Competitiveness in Developing Countries</i>
	African Union	<ul style="list-style-type: none"> • <i>Pan African Competitiveness Forum 2008</i>
	Inter-American Development Bank	<ul style="list-style-type: none"> • <i>Competitiveness of Small Enterprises: Cluster and Local Development 2007</i>
Local/City	Numerous (inter-)city competitiveness projects and plans	<ul style="list-style-type: none"> • <i>OECD's International Conference on City Competitiveness 2005</i> • <i>The Hong Kong Advantage 1997</i> • <i>Blue Book of City Competitiveness in China 2008</i>

(Source: Author's own compilation)

From a power-political perspective, Foucault argues that metaphors (like ‘cluster’) function as key parts of the various technologies of power that constitute and govern human society. Such discursive technologies organise a field of power-knowledge that governs ways of seeing and representing economic realities and of disciplining economic agents. In these terms, Porter’s ‘cluster’ metaphor has become part of a technology of power that not only normalises competitiveness/development but also shapes and disciplines the organisation of space, policies and population. It naturalises ‘clusters’ as drivers and pillars for national or regional economic competitiveness and disciplines actors to treat these spaces as (potential) clusters in which the respective actors interact to optimise performance. It also targets policies, budgets and training to support cluster initiatives and steers nations and/or regions (and their population) towards building platforms and schemes to assist the formation of clusters (Sum 2009a).

Recontextualising neoliberal competitiveness in the Pearl River Delta

This transnational body of knowledge was transferred to Hong Kong/Pearl River Delta and recontextualised in two stages from the mid-1990s onwards. Deploying the ‘cluster’ metaphor, local policy makers (e.g. the then Financial Secretary, Donald Tsang), service-oriented businessmen (e.g. Victor Fung) and thinktanks (e.g. Hong Kong Coalition of Service Industries) sponsored Harvard-related academics (e.g. Michael Enright) and related consultancy firms (e.g. Enright and Scott) transferred the model to Hong Kong just before the 1997 transition from a British colony into a Special Administrative Region of China. Their report, *The Hong Kong Advantage*, emphasised the problem of manufacturing decline in Hong Kong and narrated it in terms of the shift from a ‘manual’/‘enclave’ to a ‘knowledge’/‘metropolitan economy’ (Enright et al. 1997: 13). Hong Kong was portrayed as a ‘metropolitan service economy’ which served as ‘packagers and integrators of activities for the global economy, a leading source of foreign investment, a centre for overseas firms, the capital for the overseas firms, and driver of the Mainland economy’ (Enright et al. 1997: 80). This enframing highlighted its role as a functional space for ‘foreign direct investment’. This space is occupied by five linked clusters (i.e. business and financial services, transport and logistics, light manufacturing and trading, property and construction, and tourism) that are reinforced by localised laissez-faire practices of ‘government as referee’ supported by the ‘hustle and commitment strategies’ of Hong Kong’s merchant manufacturers and the societal ethos of ‘hard-working people’ (see especially 1997: 34–40, 45–6 and 85).



Hong Kong was portrayed as a ‘metropolitan service economy’ which served as ‘packagers and integrators of activities for the global economy, a leading source of foreign investment, a centre for overseas firms, the capital for the overseas firms, and driver of the Mainland economy’.

This narration of Hong Kong as a global-oriented service site has been reinforced and extended since 2000 in a series of studies linked to the second report. In anticipation of China's WTO entry, the Harvard imaginary crossed borders via the joint efforts of service actors such as the Hong Kong Chamber of Commerce, the Hong Kong Coalition of Service Industries and another non-profit thinktank chaired by Victor Fung (the 2022 Foundation). Together they deployed the spatial metaphor of 'service metropolis',³ and this was later made more concrete by Enright and Scott in their June 2003 report, which introduced the spatial imaginary of 'Greater Pearl River Delta (PRD)'. It envisaged Hong Kong playing its service role and the PRD serving as a manufacturing site, thereby enabling the PRD to become a regional 'economic powerhouse'. A government quango called InvestHK commissioned Enright and Scott to study the investment potential of each subregion in the 'Greater PRD'. Their results, plus the earlier report, appeared as a book sponsored once more by the 2022 Foundation (Enright, Scott and Chang 2005). The strong cooperation reiterated the normality of 'competitiveness' and the 'cluster' metaphor. Thus the 'Greater PRD' is mapped as a new service-manufacturing 'regional powerhouse' occupied by diverse export-oriented clusters (e.g. toys, plastic, kitchen tools, lamps) (see Map 1) offering opportunities for 'foreign direct investment' and 'global sourcing' in China. This vision is also backed by other organisations (e.g. the Trade Development Council).

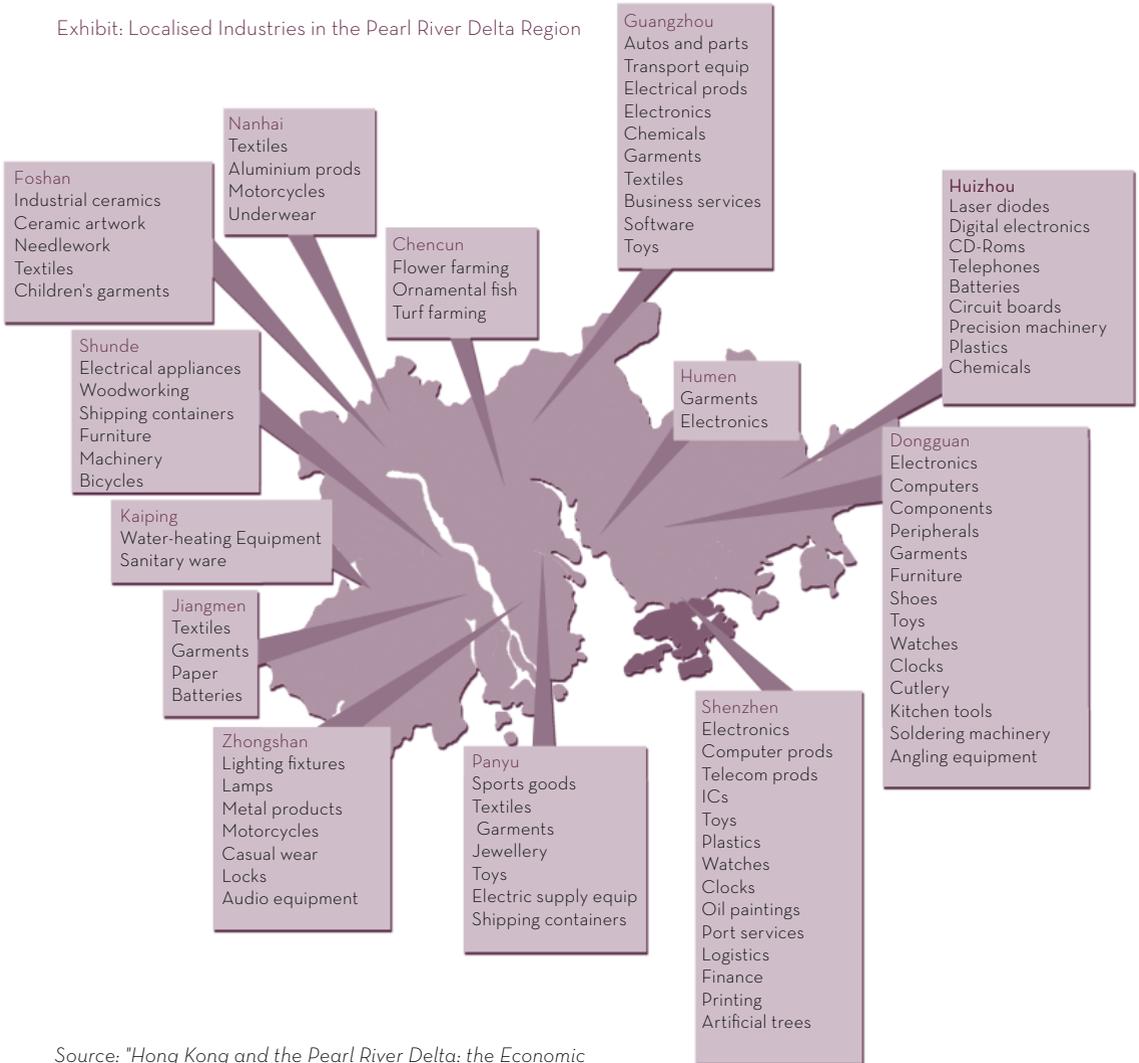
The Hong Kong Advantage emphasised the problem of manufacturing decline in Hong Kong and narrated it in terms of the shift from a 'manual'/'enclave' to a 'knowledge'/'metropolitan economy'.



3 The 2022 Foundation publication on the PRD is available on <http://www.2022foundation.com/index.asp?party=reports>, last accessed 11 June 2007.

Map 1: Mapping of production clusters in the Pearl River Delta

Exhibit: Localised Industries in the Pearl River Delta Region



Source: "Hong Kong and the Pearl River Delta: the Economic Interaction", M. Enright et al., 2003.

Wal-Martisation and related struggles/negotiations

Global giant supply/retail chains, such as Wal-Mart, source from, and also retail in, the region. In 1995, Wal-Mart China formed a 65:35 joint venture with the state-owned Shenzhen International Trusts and Investment Company (SZITIC) in China. The latter has strong ties to local and central governments, which enables related firms to secure land deals at favourable prices. Wal-Mart China also set up its global procurement centre in Shenzhen and regional headquarter in Hong Kong in 2002 and 2007 respectively. Seventy per cent of all

products sold by Wal-Mart in 2005 were made in China and 80 per cent of the 6,000 factories that supply it were Chinese.⁴ Between 2001 and 2006, Wal-Mart accounted for approximately 9.6 per cent of total US imports from China (Scott 2007). These data indicate the importance of Chinese suppliers to Wal-Mart especially in its business strategy of 'Always Low Prices'. The use of a special software programme Retail Link (since 1991) facilitates the search for price-value competitiveness because it connects its retailing with the global supply chains to create what the mainstream economic and management literature would call a 'just-in-time' supply system linking all stores, distribution centres and suppliers, giving firms big cost advantages (Holmes 2001; Basker 2007). However, such lean practices can also be employed coercively (Free 2006: 14-16; 2007: 900) in the everyday operations of discount-based mega-retailers.

Their accounting practices require all suppliers to open their accounts to the mega-retailer (called 'open book accounting'). Armed with information about suppliers' costs and margins, Wal-Mart managers can routinely evaluate changes in each supplier's costs and margins as well as require it to match its lowest price or even cut it. It also introduces a form of coordinated competition among suppliers, for example by asking a specific supplier to match the lower prices of competing suppliers. This firm grip over suppliers-manufacturers and the unrelenting push for cost and price-value competitiveness means that manufacturers, in turn, must pass on their costs and production insecurity (e.g. stopping orders) to their workers. The resulting trend to Wal-Martisation modifies the social relations of production such that power shifts from suppliers-manufacturers to giant retailers with the former trickling insecurity and poverty down to their flexible workforce in pursuing this low-cost disciplinary strategy.

This change has prompted (trans)national and local concern among unions, NGOs and community groups such as AFL-CIO's Eye on WalMart, CorpWatch, Wal-Mart Watch, Wake-Up Wal-Mart, Sprawl-Busters, Frontline, Wal-Mart Class Website, and Students and Scholars Against Corporate Misbehaviour (SACOM) targeting the land use and labour problems of the corporation. More specifically, SACOM, a Hong Kong-based NGO, adopts strategies to: (a) monitor multinational corporations such as Wal-Mart through pub-

4 The first statistics come from PriceWaterHouseCooper, *Redefining Intellectual Property Value: the Case of China*, 2005, p. 63, http://www.pwc.com/techforecast/pdfs/IPR-web_x.pdf, accessed on 6 September 2007; and the second from AFL-CIO, *Paying the Price of Wal-Mart*, http://www.aflcio.org/corporatewatch/walmart/walmart_1.cfm, accessed on 6 September 2007.

lic campaigns; (b) enhance global-local networking activities among workers, NGOs, student groups, trade unions, human rights activists, lawyers, academics, environmentalists and ethical consumers in efforts to regulate corporate power; and (c) empower the labour force as active agents in promoting rights in the workplace. Such local and transnational groups have had sporadic successes, especially on case-specific bases, in launching critical reports,⁵ redressing unfair dismissals and setting up workers' training courses and committees (see also Sum 2009b). However, such transnational bottom-up attempts face constant struggles over funding, issue drift as NGOs of this kind move from one specific issue to the next, and the difficulties of selecting partners with whom to form counter-hegemonic alliances without being co-opted into the neoliberal game.

In China, this bottom-up strategy has been complicated by a top-down one pursued by the Chinese government, which still claims to operate under the banner of 'socialism with Chinese characteristics'. There are difficulties and contradictions faced by the central government, the Chinese Communist Party, and the official union (All-China Federation of Trade Unions) (ACFTU) concerning how to resolve the tensions and contradictions between neoliberalisation, prior socialist values and social stability. The spread of 'Wal-Martisation' and of marketisation more generally has intensified these tensions, which include the competitive drive of local states to attract foreign direct investment, the close relationship between these states and global capital, the existence of sweatshop labour, the rise of labour and civil unrest, the expropriation of farmers' land by local authorities to construct factories/shopping malls, increasing unemployment and the 'floating population' crowded into city slums, and the pervasiveness of environmental degradation.

One strategy to maintain social stability is for the central government and the ACFTU to require large foreign corporations, such as Wal-Mart, to establish unions. Wal-Mart was the first to be targeted on 14



There are difficulties and contradictions faced by the central government, the Chinese Communist Party, and the official union (All-China Federation of Trade Unions) (ACFTU) concerning how to resolve the tensions and contradictions between neoliberalisation, prior socialist values and social stability.

5 SACOM published a report entitled *Wal-Mart's Sweatshop Monitoring Fails to Catch Violations* in 2007 on three toy factories in southern China. It revealed problems related to the implementation of corporate social responsibility of Wal-Mart. These included factory inspections which were announced in advance and managers coaching workers to give the 'correct answers' about their working conditions. Workers were also encouraged to become 'voluntary liars' through a material incentive of RMB 50 Yuan (approximately US\$ 8 at prevailing exchange rate) and were also told the little capitalist tale that a factory's loss of orders would translate directly into workers' loss of future employment opportunities. In addition, factory owners manufactured 'wage documents' and 'time cards' that indicated that workers were sufficiently paid in terms of base and overtime wages without exceeding the maximum working hours. In reality, workers' monthly wages shrank significantly and overtime was not recorded (2007: 15).

March 2006 when President Hu ordered the ACFTU to do a better job in establishing trade unions in foreign-invested enterprises. This enabled the ACFTU, which had experienced a fall in membership, to negotiate with Wal-Mart on setting up branch unions. Despite initial resistance, unions were set up in 77 out of 84 stores by July 2007. Some question whether these localised entities guided by the ACFTU actually promote workers' rights or merely boost its declining membership (Chan 2007); and to undermine the threats from unofficial and underground union movements, according to one report, six months after their introduction, 'Wal-Mart union branches have done little more than organize social events and run employee clubs' (Ruwitch 2007: 4).

Towards postneoliberalism as an alternative?

Concurrent with this top-down response to emerging problems, the 'new left' in China criticised marketisation and global engagement, especially after China's entry into the WTO. Some call for less Adam Smith and more Friedrich List in terms of building state capacities and economic security (He 2000; Wang 2006). In this more critical climate, the Chinese central government (then led by President Hu and Premier Wen) embarked on the political tasks of promoting social justice, regaining control over local excesses (e.g. corruption and land appropriation by bureaucrats), and 'building a new socialist countryside' since 2004. The 11th Five-Year Plan (2006-2010) reflected these trends by emphasising the building of a 'harmonious socialist society' with a 'people-first' and 'poverty-reduction' agenda. These policies aimed to tackle social instability coincided with the 2008 global financial crisis. Despite an initial view that China would not be affected, the 'financial tsunami' is causing a stock market crash, loss of foreign direct investment, declining exports, manufacturing slowdown, rising unemployment, and so on.

Despite these problems, China is relatively cushioned by foreign reserves of some US\$ 1.8 trillion and by the fact that its financial sector is not fully open. However, the crisis is hitting its export competitiveness and related clusters fast. It is estimated that one quarter of the 70,000 Hong Kong-owned firms in the PRD will shut by early 2009. This has stimulated measures such as tax relief and increased government spending as well as discussions on national protectionism and whether China should deploy part of its reserves to underwrite American/European debts or use them for social purposes at home (e.g. development of health and education, especially in rural areas). Until September 2008, the social agenda still ranked high, as

evidenced in Wen's speech in the State Council reception to celebrate the 59th anniversary of the founding of the People's Republic. This proclaimed that China would continue to 'stick to reform and opening up, promote social harmony and strive for new achievements in building a moderately prosperous society' (*People's Daily* 2008).

Notwithstanding this official positioning, it is unclear what these objectives imply for the building of Chinese socialism. For example, will the social agenda act merely as a flanking mechanism that cushions the impact of further privatisation (e.g., rural land rights) and market-opening in the roll-out stage of neoliberalism? Will it reinvent Confucianism so that it is articulated to social-capitalist opening with a datong (great harmony) nationalist imagination or could it help to restore the sovereign place of the people/subaltern groups within the self-proclaimed system of 'socialism with a Chinese characteristics' that might then seek a selective relinking with world capitalism? These discussions resonate with the more general question of the future of socialism elsewhere, especially during the period of neoliberal financial crisis and economic recession. The current revival of (transnational) state interventions and (global) Keynesianism may be hyped by some as a return to some kind of democratic socialism; whilst other members of the transnational left may regard post-neoliberal developments in Latin America (e.g., Chavez's project in Venezuela) as '21st century socialism'. The latter involves grassroots/popular forces and classes gaining a foothold in the state and utilising it to transform policies, especially at local levels. Do the Chavez project and similar movements in Bolivia and Ecuador illuminate the search for a postneoliberal future? Drawing on Jessop and Gramsci, two cautions are necessary before this is accepted as a leftwing article of faith.

First, the case of China and its gradual integration with global capitalism may illustrate Jessop's idea of the variegated nature of the world market – that is, the co-existence, complementarity and structural coupling of different types of capitalism and other economic formations in the global economy.⁶ This can be seen in the coupling



The case of China and its gradual integration with global capitalism may illustrate Jessop's idea of the variegated nature of the world market.

6 While varieties of capitalism are often analysed in isolation from each other as if each were viable without other varieties, variegated capitalism explores the links among varieties of capitalism within the world market – whether due to their respective specialisations in the international division of labour, their respective modes of regulation and forms of state, their respective temporalities, or their respective positions as creditors and debtors. This perspective excludes the generalisation of one variety to the whole world market as well as simplistic forms of regime shopping, in which social forces seek to combine features of different varieties of capitalism to seek the optimum balance among them (personal communication from Bob Jessop, 25 September 2008).

of southern Chinese coastal exportism with the close ties between local authorities and global capital embedded in a central government pushing for a social agenda. Likewise, in Venezuela, we find an export-oriented rentier economy that currently supports a temporary cohabitation of neoliberal capitalism and domestic pragmatic left populism that cuts across class lines. China and Venezuela, each in its own way, combines statism, populism and market-oriented elements; and both contribute, in a path-dependent and path-shaping manner, to the ongoing struggles around the future of a (post-) Washington Consensus world (dis-)order.

Second, are Hu/Wen's 'social agenda' and Chavez's 'postneoliberal' project good alternatives? Crucial here, from a Gramscian perspective, is the distinction between 'integral state' (political society + civil society) and '(self-)regulated society' (state without a state). The former characterises capitalist societies and involves the interpenetration and reinforcement of 'political society' and 'civil society' in which the ruling class(es) compete for hegemony. The latter is more relevant to the socialist project and alludes to the progressive re-absorption of political society into civil society with the state as tendentially capable of withering away and subsumed into the '(self-) regulated society'. In this context, the task of subaltern classes and strata cannot be confined to participating in the 'integral state' (with the attendant risk of being subsumed into a continuing statist politics) or to escaping integration into the profit-oriented economy by engaging in forms of state-led 'building of new socialist countryside' in China or worker self-management and/or cooperatives in Venezuela. In this regard, the Hu/Wen and Chavez strategies need further scrutiny. The coexistence of capitalist-socialist ways of managing social relations does not mean socialist elements will eventually displace capitalist ones. Furthermore, the prevailing balance among capitalist and socialist stakeholders means that pro-capitalist/neoliberal factions could still swing power (e.g. the 2007 'No' vote on Chavez's constitutional changes in Venezuela). This battle for hegemony cannot rely on 'personal charisma' (whether of a Chavez or Hu/Wen), vanguard party and radical rhetoric/practices (e.g. 'building of new socialist countryside' in China or the creation of community councils in Venezuela) to manage the many capitalist-socialist contradictions and state-civil society dialectics. Surely something more is required (e.g. the development of 'organic relation' between the subaltern and the civil society and the deepening of the philosophy of praxis) to deliver on Gramsci's vision of a (self-)regulated society based on justice and the re-absorption of political society into civil society.

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Postneoliberalism in Latin America

Emir Sader

Latin America has been a laboratory for neoliberal experiments par excellence. It is no accident that it has become the weakest link in the world's neoliberal chain.

It was the privileged birthplace of neoliberalism (in Pinochet's Chile and Paz Estensoro's Bolivia) for very specific reasons. In Chile, it was touted as an antidote – prescribed by the Chicago School – to the 'statisation' of the economy by Salvador Allende's government. In Bolivia, it was treated as a remedy for hyperinflation – prescribed by Jeffrey Sachs – in such large doses that it killed the patient, exterminating Bolivia's mining economy.

In both cases, the diagnosis had a target: the state and its regulations, expressed in restrictions on the unlimited circulation of capital, in state-owned companies, in the protection of domestic markets, and in workers' rights. Its aim was to deregulate in order to allow the unlimited circulation of capital, which would supposedly promote a return to economic development, technological renewal, distribution of income and a new wave of economic modernisation.

This new model depended on the prior weakening of the populist movements' ability to resist and to defend their rights through political parties, social movements and all democratic forms of expression and organisation. It was, thus, dictatorial processes that made it possible to create a new neoliberal consensus. This established a new political playing field, based on the polarisation of state and market (economically-speaking) and state and civil society (socially-speaking). A number of displacements took place in the passage from one model to the next: the state was displaced by the market, workers and citizens by consumers, rights by competition, work and electoral documents by credit cards, public squares by shopping centres, human companionship by television, social policies by private corporate welfare, the national by the global, social integration by social exclusion, equality by discrimination, justice by inequality, solidarity by selfishness, humanism by consumerism, social parties and movements by NGOs and volunteer organisations.

Initiated by a military dictatorship and a party that had led a nationalist revolution (the Bolivian revolution of 1952, whose main leader

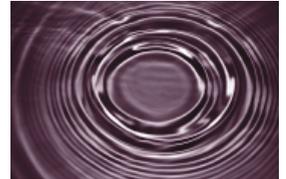
was the very same Paz Estensoro), the neoliberal model revealed its potential for organising a new hegemony. It spread quickly from the far right to other essentially nationalist movements (such as Peronism and the Mexican PRI) and social-democratic forces (Chile, Venezuela, Brazil), such that Latin America became the region of the world in which it was most prevalent and where it took its most radical forms.

Using as a pretext the risk of inflation and state debt, accentuated by the debt crisis of the late 1980s and early 1990s, the countries successively applied the same model of fiscal adjustment prescribed by the IMF, successively signing letters of intent that committed their governments to minimal state intervention, privatisation, open economies and weakened labour relations. Never had the continent been so forcefully homogenised by an artificially imported and applied model; never had national governments been so weakened; never had inequality and poverty deepened so much in such a short period of time.

These same characteristics made the new model reveal its limits and contradictions with the same speed with which it had been implanted. The first neoliberal crisis exploded in Mexico in 1994, followed by the Brazilian crisis in 1999, and the Argentinean crisis in 2001–2002, affecting the three biggest economies in the region. While the model was still being implanted in Brazil, it was already showing signs of fragility in the Mexican crisis.

The Chiapas revolution of 1994 in Mexico was the first big expression of popular resistance, followed by the struggles and protests of Brazil's Landless Workers' Movement, indigenous movements, especially in Bolivia and Ecuador, and the unemployed picketers' movement in Argentina. The election of Hugo Chavez (contemporary with crises in the continent's three biggest economies) heralded a new period, moving from a phase of resistance to one of hegemonic dispute, which saw the successive election of new governments in Brazil, Argentina, Uruguay, Bolivia, Ecuador, Nicaragua and Paraguay – and new perspectives in El Salvador.

These governments, to differing degrees, were elected as a reaction to orthodox neoliberal governments, and on the strength of their promises to reinstate social rights, reduce market power and restore the role of the state. Lula spoke of social priorities. Hugo Chavez emerged in political life in opposition to Carlos Andrés Pérez's neoliberal package. Kirchner was elected in Argentina after an attempted return by Menem, who had personified one of the most radical forms of neoliberalism on the continent.



The neoliberal model spread quickly from the far right to other essentially nationalist movements and social-democratic forces, such that Latin America became the region of the world in which it was most prevalent and where it took its most radical forms.

The new governments worked to restore social policies, to end privatisation processes and others that weakened the state, and were even strengthened to a degree. Processes of integration were a new dimension and gained importance with time.

It fell to the United States and Brazil to finish negotiating the FTAA (Free Trade Area of the Americas); however, the change of government in Brazil brought these negotiations to a halt and they were shelved due to mobilisations against the FTAA. The United States started to seek bilateral free trade treaties. Mercosur, on the other hand, was strengthened, as were other forms of regional integration, among which ALBA (Bolivarian Alternative for the Americas) and USAN (Union of South American Nations).

Postneoliberalism

What is postneoliberalism and why use this expression?

Capitalism has gone through various stages in the course of its history. After the initial process of accumulation, which included the so-called ‘commercial revolution’ and the whole process of colonising the periphery of the system (including slavery), the building of nation states was marked by systems of political transition – constitutional monarchies, hybrid regimes between absolutism and the emergence of parliamentary forms of political representation for the new emerging classes. This period saw a succession of distinct hegemonies: from the cities of northern Italy and Holland, always related to their ability to control maritime traffic, to the rise of the English hegemony.

This brought about a transition from the commercial to the industrial revolution, establishing a hegemony of capitalist relations of production and circulation. The historical period of English hegemony corresponded to the promotion of liberalism as a dominant ideology, which appeared to be the final stage of capitalist development – when there was greater consensus regarding its ideology.

The 1929 crisis, however, laid the groundwork for the depletion of this model. All diagnoses of the crisis blame liberal policies, which receded in the following decades. After the conflicts exacerbated by World War II, the Keynesian model (of regulation and social welfare) became the hegemony, such that Richard Nixon, at the end of his time in office, once said: ‘We are all Keynesians.’

After the long post-World War II economic boom, capitalism returned to a more liberal model based on deregulation and ‘free trade’. This didn’t mean returning to a path natural to capitalism; it was

simply a different kind of hegemony ushered in by the depletion of the last, in the historical conditions of late 20th century capitalism. Through deregulation, it represented the promotion of the hegemony of financial capital, both nationally and globally. ‘Free trade’ was not restored and high levels of national protectionism remained, especially in central capitalist powers.

In these circumstances, what might postneoliberalism represent? It was not present in the transition from the historical period of world bipolarity to unipolarity, under the hegemony of the American empire; or the previously mentioned transition from a regular to a neo-liberal model.

Postneoliberalism is based on the conditions generated by liberalism, among whose consequences are the inability to return to long cycles of economic growth. This impossibility has its roots in the hegemony of financial capital – in its speculative form – over real capital. The excess is transferred to the financial arena instead of being channelled into productive spheres, concentrating income even further in each country and on a world scale.

Postneoliberalism represented, among other things, the unprecedented extension of commercial relations, as deregulation removed impediments to the growth of capital in all spheres and territories. This growth accompanied ideologies that preached market centrality.

Commercialisation and its ideologies are widespread in the countries, especially on the periphery, where financialisation is deeply entrenched. Ideologically speaking, this has promoted a polarisation of state and private sector, disqualifying the former and valuing the latter, as well as abolishing the public sphere.

A postneoliberal alternative must begin with anti-neoliberalism, which means:

- opposition to deregulation;
- opposition to financialisation;
- opposition to the weakening of labour relations; and
- opposition to ‘free trade’.

Opposition means both ‘to reject and to move beyond’ – *Aufhebung*, to use the succinct German expression. It is about discussing what it means to reject or move beyond deregulation, financialisation, weakening, and free trade. It is not about its opposite, because historical conditions filter out concrete possibilities, preventing a game of abstract logic from being directly transposed into concrete reality.



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A careful analysis of the Bolivian, Ecuadorian and Venezuelan models enables us to see the extent to which neoliberal policies in these countries (in addition to Cuba) represent a postneoliberal model or contain elements of one. This hypothesis requires a detailed analysis of these countries and any others that adopt a postneoliberal logic. It requires an analysis of the social nature of postneoliberal models, their limitations, contradictions, potentialities and concrete perspectives.

Postneoliberalism and anti-capitalism

The left was born, in modern times, in the anti-capitalist struggle, rejecting it and seeking to move beyond it with socialism. Bringing progress and emancipation to labour relations and the working class, it became the standard-bearer for a classless, stateless society.

Long-lasting internal schisms in the labour movement and the left gave rise to two schools of thought (social democracy and communism), in which the former went from anti-capitalism to the democratisation of capitalism, and the latter stayed true to the economist base of the Soviet model, but proposed prior transitional stages to the anti-capitalist struggle in other countries. This struggle was increasingly tempered by other historical moments.

Capitalism's passage to its neoliberal era extended commercial relations to an unprecedented degree, as if realising capitalism's original promises. In the process, however, power relations between social classes were radically transformed, for the worst as far as anti-capitalist forces were concerned. A gulf grew between the conditions for the depletion of capitalism and those required in order to move beyond it – which sums up the greatest historical drama of our day.

One response to the crisis of depletion of the neoliberal model privileges the first element of this equation and points to the identification between anti-neoliberalism and anti-capitalism, causing this struggle to lead to socialism or to only find direct resolution in socialism. This conception is based on the understanding that the neoliberal era would be the last stage of capitalism – according to Giovanni Arrighi's analyses of the final stages of each cycle of hegemony on a historical scale.¹ He predicted that they would end precisely with moments of hegemony of financial capital, revealing the depletion of the model's capacity for production and redistribution. That was what happened at the end of the Dutch and British hegemonies and Arrighi believed it would be repeated with the decline of the US hegemony.

¹ Arrighi, Giovanni (1994), *The Long Twentieth Century: Money, Power, and the Origins of Our Times*, London/New York: Verso.

On the other hand, the deregulation fostered by neoliberal policies favoured the hegemony of financial capital in its speculative mode. In order to instate a different model, it would be necessary to introduce new forms of economic regulation, which would be very difficult, even in the current crisis, once deregulation had a foothold. It could not come from a single country, no matter what its importance, because others would benefit from the flow of capital rejected in this country. At the same time, it would be hard to come to a large-scale international agreement, due to the different interests of the biggest powers and international corporations.

The end of international bipolarity, however, has shrunk the international horizon (previously restricted to the capitalist arena), with China reconverting its economy to market relations and Cuba having a hard time moving beyond the end of its socialist arena.

Arrighi saw the axes for overcoming the US hegemony in the rise of Asia. First, in Japan, whose prolonged recession stopped it from playing a greater role in the hegemonic crisis; then in the 'Asian tigers', which were hit by one of the biggest international financial crises in the late 1990s; and, finally, China, which is rapidly transitioning to a market economy. As such, the possibilities for revealing the decline of the United States are all located in capitalist economies and do not lend themselves to a process of postcapitalist transition.

The same dilemma occurs at a national level: while neoliberalism has pointed to the limits of capitalism (whether to promote economic development or distribution of wealth), it has simultaneously undermined solutions for moving beyond it, whether these be neoliberal or, even more so, capitalist. It has corroded social bases by forcing most workers out of formal work relations, leaving them in a precarious situation in which it is very difficult for them to organise themselves, to obtain political and legal representation, to assume a social identity, to build a collective culture and to fight for their rights. It has also been corrosive by consolidating the hegemony of liberal ideologies, especially through the spreading influence of the 'American way of life' – from the proliferation of shopping centres to publicity and the commercial nature of the media.

This combination of factors has made the essential drama of today's world, as stated earlier, the abyss between the depletion of capitalism – now in its neoliberal phase – and a delay in the subjective conditions for generating possibilities for moving beyond it. This gulf explains, in short, the contemporary world's crisis of hegemony and the dilemmas of postneoliberalism.

Latin America was the first region to adopt neoliberalism as its hegemonic model, as well as the earliest to try to implant alternatives. It went from being a region in which the model was dominant to a territory of hegemonic instability in which alternatives were sought.

Resistance to neoliberalism in countries like Brazil, Uruguay and Mexico, among others, has fostered the constitution of a significant opposing force, which in many cases has halted the full realisation of neoliberal projects. However, while some political powers with their roots in these movements have begun to express resistance to neoliberalism in the political arena, they have not put postneoliberal policies into practice. They have remained within the model, tempering it with compensatory social policies.

Four governments seek to locate themselves outside of this model: Cuba, Venezuela, Bolivia and Ecuador. They are developing different political models with distinct socio-economic structures, but they share a tendency not to make economic-financial objectives central and favour policies with social objectives. They seek a strategy in which economic concerns are subordinate to social concerns, breaking the hegemony of financial capital and market mechanisms.

The anti-neoliberal struggle: from resistance to hegemony

As mentioned earlier, in forging a new path the Latin American left has gone from a defensive phase, when the hegemony of neoliberalism was almost unquestionable during the 1990s, to hegemonic dispute. As such, social movements, which had been fundamental protagonists in the phase of resistance, have had to face some difficult dilemmas.

During the phase of resistance the left was harshly critical of political parties, governments, the state, and the political sphere itself, developing the expression 'autonomy of social movements' as a sphere of 'civil society,' important in the struggle against neoliberalism. This allowed them to regroup for resistance in the social arena.

The neoliberal model began to show signs of depletion with the crises in Mexico, Brazil and Argentina, making room for forms of political regrouping in opposition to neoliberalism. The election of Hugo Chavez in 1998 marked the beginning of this process, which had already been in the making for 10 years, with the multiplication of governments of a new kind, some of which were openly anti-neoliberal, while others sought to make the model more flexible. It is safe to say, however, that the golden age of neoliberalism is over and that this is a new period of disputes over the kind of government that should succeed it.

The movements that fell under the umbrella of the ‘autonomy of social movements’, declined to participate in national political disputes and ended up confined to limited spaces or even disappearing from the national arena. The former is what happened with the Zapatistas, who were isolated in Chiapas, Mexico, lost their capacity for national presence and found themselves without proposals that allowed them to rally support at a national level and emerge as an alternative for the country as a whole. The latter is what happened with the picketers in Argentina, who, after the country’s biggest political crisis, which saw the succession of three presidents in one week, when presidential elections were called, did not participate, taking refuge in the motto ‘Everybody out!’ As a result, Nestor Kirchner occupied the space of opposition to the return of Carlos Menem and capitalised on the energy of the popular movements. A few years later, the picketers had practically disappeared, except the sector that had aligned itself with the government.

The Bolivian example, on the other hand, was paradigmatic. The new cycle of popular movements and uprisings that began with the ‘water war’ in 2000 led to the foundation of the Movement for Socialism (MAS) in order to dispute the political direction of the state. Through a critique of Bolivia’s traditional left (which reduced the indigenous to peasants, small landowners, and supposed secondary allies of working-class miners, erasing all of their secular identities as Aymaras, Quechuas and Guaranis), it was possible to reconstruct a political subject from the original peoples, which led to the first indigenous leader being elected president and the beginning of the building of a new state in the country.

In other ways, this is also the path taken by the Ecuadorian and Venezuelan popular social movements. In Ecuador, indigenous movements have shown great resistance and removed two presidents (the third, Lucio Gutierrez, was ousted more by urban social movements), without, however, assuming direction of the state, delegating it to others, until they felt betrayed, which caused rifts and weakened the movement. The election of Rafael Correa marked a return to the cycle of mobilisations in the dispute for control of the state and its re-foundation. Similarly, the Venezuelan process, where nationalist military men were initially the protagonists, is heading in a similar direction, in this case supporting the emergence of a new movement of the masses, which did not previously exist in the country.

In countries with moderate governments, which have not openly abandoned the model but have given it more flexibility (in Brazil, for exam-

ple, financial policies have remained the same, but within a new economic scenario), such as Argentina, Uruguay, Brazil, and probably Paraguay, relations between social movements and political powers are still fairly traditional, although with forms of support that are critical of the governments. In these countries the dilemmas of the social movements are not easily solved, because there are only two positions in the political arena: those who break with these governments (whom they believe to be following directly in their predecessors' footsteps and, thus, mere managers of neoliberal models) and who become the main enemies of these movements (a position characteristic of the extreme left in these countries); or those who align themselves with the left-wing sectors of these governments, reflecting their contradictory nature, in the struggle against their conservative sectors.



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The Latin American populist arena is made up of these moderate governments and others which have in common not only social policies that restore the rights expropriated by neoliberalism, but also foreign policies that privilege regional integration in detriment to the signing of free trade treaties with the United States. Many fail to understand that this is the fundamental dividing line on the continent today, rather than one between a so-called 'good left' and 'bad left,' as preached by right-wing theoreticians (such as Jorge Castañeda, among others), who seek to divide the left, co-opting the moderate sector and isolating more radical elements.

After a beginning with relatively fast progress, the new governments began to suffer strong attacks from a relatively recomposed right. That was what happened in the attempted coup in April 2002 in Venezuela, and later in the harsh attacks on Lula, Nestor and Cristina Kirchner, and Evo Morales. These did not represent a new right-wing platform, but attempts to weaken these governments, undermining their ability to continue to seek alternatives to the model and to make progress in regional integration. The future of the region in the first half of the new century will be at stake in elections to determine the successors of the current presidents (Lula, Tabaré Vazques, Cristina Kirchner, Hugo Chavez, Evo Morales, Rafael Correa). It will be decided whether these current governments will be able to continue and advance toward postneoliberalism, or be replaced by governments that, albeit with a different face, will restore the neoliberal model. It is this struggle between the new (which seeks, with difficulty, to forge new paths) and the old (which seeks to resist, with no less difficulty) that marks the current instability on the continent: the expression of a great crisis of hegemony that characterises its present historical moment.



Notes on postneoliberalism in Argentina

Verónica Gago and Diego Sztulwark

Can we consider the Argentine situation under the concept of *post-neoliberalism*? After the crisis of 2001, seen in the whole region as the failure and the deepest delegitimisation of cold hard neoliberalism, a period of great changes began, in terms of the social significance of the state, the political capacity of social movements and the reorganisation of general labour conditions. Here, we shall try to analyse these transformations, starting with some sequences that we consider key to comprehending both the dynamics of the process leading to the present-day global crisis and the new space of intervention that can be foreseen, from the Argentine debate, for nation states.

From crisis to impasse

We propose classifying at least three phases in recent Argentine politics. The political and social crisis at the end of 2001, which we call ‘de-stituent’,¹ can be described as the ‘end of fear’, the ‘end of neoliberal legitimacy’, and the ‘end of the party system’ (*phase 1*). From 2003 onwards, these variables turned into new fears (the issue of insecurity), a neodevelopmental and nation-state intervention scheme (helped by the exchange rate and a re-proletarianisation of the labour force in the face of massive unemployment), and a new governmentality² (complex dynamics including partial recognition of the elements that were emerging during the crisis, and the modification of the regional scenario) (*phase 2*). At the present time, it is not at all impossible to envisage a ‘restoring’ kind of dynamics that tries to arouse ‘old fears’, to force a return to neoliberalism, although new-styled, and appeal to the old bipartisanship (*phase 3*).

¹ *Translators’ note:* We have chosen to use the expression ‘de-stituent’ as a translation of the Spanish word ‘destituyente’, which makes reference to the power that unseats a regime, in order to preserve the resonances that indicate a power opposite to that which institutes or that which is part of a constitutive process. We use the hyphen to avoid confusion with the English word ‘destitute’, which carries connotations of impoverishment.

² From the French ‘gouvernementalité’, a term coined by Foucault to emphasise the close link between forms of power and processes of subjectification.

So if the crisis of 2000/2001 was one of opening-up and innovation, what soon become clearly visible were the social movements' own imaginative and political limitations, which act as constraints on the policies intended to replace the old neoliberal model. In this sense, the lack of imagination is not abstract, but implies successive barriers to social innovations. It is what we call the current impasse: the blocking of the most innovative dynamics of the last decade. In turn, neodevelopmentalism, the new governmentality and the recycling of social fears have limits set on them by the revival of imaginaries linked to the decades prior to the consolidation of neoliberalism .

The 2001 crisis made evident what we have described as a *new social protagonism*³: a succession of struggles and experiences of self-mobilisation, which reorganised political practices through direct action and the rejection of the institutional representation of collective dynamics. The movements of the unemployed, as well as the factories taking-over of factories by their workers, the neighbourhood assemblies and the *escraches*,⁴ as a practical form of popular justice, of social condemnation of the genocides of the last dictatorship, can be distinguished as the most original and powerful expressions of that protagonism.

The period that immediately followed the 2001 crisis was characterised, after a dizzy succession of five presidents, by the arrival of a Peronist government: Eduardo Duhalde was then elected president by parliamentary agreement and not through a general election. His administration proposed stabilising the crisis through devaluation of the currency (the end of the one peso one dollar exchange rate, which had guaranteed inflationary stability during the 1990s) and a multiplicity of social programmes for the unemployed. However, the repression of social movements, culminating in the killing of two *piqueteros*,⁵ Darío Santillán and Maximiliano Kosteki, forced a call for elections and at the same time demonstrated the government's inability to stabilise the political conflict. Thus in 2003 the first national election since the crisis was held. Both majority parties became fragmented. Three candidates from the *Unión Cívica Radical* competed against three Peronist candidates. In first place was ex-President Carlos Menem, with less than 30 per cent of the vote, and in second place, with less than 25 per



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3 Colectivo Situaciones (2002), *Apuntes para el nuevo protagonismo social*, no. 19/20, Buenos Aires: Ediciones de mano en mano.

4 The Spanish slang word 'escrache' refers to a particular kind of demonstration often involving public shaming.

5 Members of organisations of unemployed workers whose main form of protest was the *piquete*, or road block.

cent, was Néstor Kirchner, supported at that time by President Duhalde. Called to a second round, Carlos Menem gave up his candidature, and Kirchner had to take charge with no real electoral support.

The Kirchner administration coincided with a rapid macroeconomic recovery based on international grain prices (particularly of soya beans, already developed on the basis of direct planting, with the whole ‘technological package’ associated with this method), and the delayed internal consumer demand. Its efforts were directed towards renewing – mainly on the symbolic basis of debate – ways of perceiving the relationship between government and social movements as part of an overall move to restore the authority of state institutions in the context of the crisis of legitimacy vis-à-vis political parties and neoliberal debate. This kind of gesture politics was consolidated particularly through the use of the language of the struggles of the 1970s and, in the area of human rights, the abolition of the ‘impunity laws’, the consequent reopening of trials on the effects of repression and a full acknowledgment of human rights organisms.

In a less complete manner, the government promoted, in its particular way, an active relationship with different social movements of the unemployed, refraining, at the same time, from using repression to deal with movements that had placed themselves at a distance from the government, or opposed it. But these innovations, in terms of governmentality, were never pure or complete; rather, they were developed in parallel to a greater effort to revive, under its dominance, the old trade unionist and political scheme of Peronism, the basis of its territorial, parliamentary and electoral power. It is not possible to consider the record of this period complete without at least mentioning the achievement, in the Latin American context, of a completely new geopolitical autonomy and of a renewal of forms of regional government, determined by the social movements’ resistance to the neoliberal consensus. In this context, the Argentine government accomplished a famous renegotiation of its external debt.



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In December 2007, Cristina Fernández de Kirchner assumed the presidency after winning the first electoral round with almost 50 per cent of the vote. Shortly before, in the city of Buenos Aires the candidate of the neoliberal right had won at the polls, taking more than 60 per cent in the second round against the government-backed candidate. The explicit programme set out by the present government rests on the concept of an (unspecified) new social and political pact vis-à-vis the bicentenary of the nation state (2010), with a view to stabilising the governmentality in respect of social and economic actors, based

on a neodevelopmental orientation, on continental integration and the recovery of the nation state, on the construction of an export-led industrial economy, on the fight against poverty, and on the continuation of the achievements in the field of human rights, not to mention the protagonism of social movements.

On 11 March 2008, the new finance minister announced a new scheme of export taxes on grain, introducing a sliding-scale taxation system and quotas. The radical opposition to the measure from the four farmers' organisations (from the traditional and oligarchic *Sociedad Rural* to the historically small farmers' organisation *Federación Agraria*) organised a four-month-long protest against the tax measure. The extensive social mobilisation was finally resolved in parliament – after a presidential decree calling for legislative debate – with the defeat of the government in the Senate.

This was no longer merely a conflict, owing to its magnitude, its implications and its effect. A brief description of some of its aspects may be necessary. The basic reasoning underlying the export tax policy is shared by all the actors: the growth of the Argentine economy, backed up, among other things, by the enormous agrarian revenues, mostly based on the direct planting of soya beans. The principal argument the government held up for modifying the export taxation scheme was that the international rise of production prices exported by Argentine agricultural technology required regulation so that reasonable domestic food prices could be maintained.



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The main objections of the exporting sectors, who opposed the measure, were: (a) that it was necessary to divide the levies according to small, medium-sized and big producers; (b) that it was also indispensable to create an integrated agricultural policy; (c) that the government was seeking to obtain financial resources in order to sustain its legitimacy based on the expansion of public expenditure and the subsidising of other capital sectors. During the conflict the agricultural sector organisations, which consist of small, medium-sized and large landowners involved in the soya bean business, opposed the increase in export taxes by developing forms of struggle inherited from the phase prior to 2003: rallies, road blocks and picket lines, banging pots and pans during demonstrations in the towns, *escraches* denouncing government legislators, and the rhetoric of self-mobilisation against the state.

The government and its supporters, together with the intellectuals who organised themselves to underpin the government's arguments, put forward in its defence three fundamental lines of reasoning: the idea that the tax increases were redistributive and designed to combat the concentration of income; that the struggle against raising export duties stemmed from a coup d'état plan; and that it was necessary to confront a right-wing faction, in the media and the soya bean business, by recovering the imaginaries and discourses of the popular struggles of the previous decades.⁶

It is in this context of an impasse that we believe the possibility of reflecting on postneoliberalism in Argentina has to be put to the test. There are two areas to explore. On the one hand, there is the weakening of the complex variety of certain social questions that formulated the struggles, as much when they made their sudden appearance as during their phases of withdrawal or persistence: questions concerning wage labour, self-management, the taking-over of factories and companies, political representation, forms of deliberation and decision-making, urban ways of living, communication, food distribution, and the struggle against impunity and repression. On the other hand, and parallel to it, there is the crisis caused by the government's way of responding to those questions – namely, in restorative terms; that is, as *demands* to be met – while, in many respects, the same actors and dynamics present during the period of the introduction and diffusion of neoliberalism are still there.

⁶ See, for a fuller analysis, Colectivo Situaciones, '¿La vuelta de la política?', www.situaciones.org

Some definitions of neoliberalism

We start from the following thesis (which reflects the thinking of Gramsci and Foucault): the aspects concerned with power and freedom – in other words, those that have been the subject of political philosophy for centuries – refer to the relationship between the governed and the governors. We perceive neoliberalism as a configuration belonging to a certain form of relationship between power (relation between truth and law) and resistance (creation of counter-behaviour). If we start from the relation between neoliberalism and *biopolitics*,⁷ we can understand why it is not worth insisting on a perspective of ‘autonomy of politics’. Rather we adopt the perspective – that is active today on this continent – of *bio-resistances* (or biopolitics in the precise sense given to the concept by Negri and Hardt).

One of the most obvious limits in Argentina to understanding the challenge facing us as a result of the crisis of neoliberalism consists of ignoring the difference between ‘liberalism’ and ‘neoliberalism’. Here are some reflections on this issue:

1. If neoliberalism, unlike its antecedent, depends on an infinite number of institutions and regulations (to such an extent that Foucault defines it as an active policy without state control, and therefore an object of direct interventions) the crisis of neoliberalism is not the crisis of the free market, but a crisis concerning the legitimacy of those *policies*. Therefore, we should cast some light on the field of resistant subjectivities that have taken this regulation system into crisis.

2. Neoliberalism is not a matter of the realm of economy suppressing that of politics, but of the formation of a political world (system of governmentality) that arises as a ‘projection’ of the rules and requirements of the competitive market.

3. The total lack of clarity and subtlety of thinking at the present time in Argentine can be seen in the theoretical separating of the two sequences ‘liberalism–market–economy’ and ‘developmentalism–state–politics’, and of supposing that the latter is able, step by step, to correct

⁷ We use the concept of *biopolitics* in a broader sense and without discriminating here between the interpretations that have emerged since the work of Foucault (particularly, in current Italian political philosophy: Agamben, Espósito, Hardt and Negri, Virno, etc.). We propose instead a conceptual image that we take from López Petit and that could be useful for our purpose: the fact that capital has become indistinguishable from existence, from life itself, and that to undertake a reconquest of emancipatory activity it is impossible to think from an external space about capital and its power mechanisms. In this context, all resistance, all counter-actions are immediately political, bioresistant.

and replace the former. But this way of thinking implies the risk of an immediate and general repositioning and relegitimisation of a 'political' neoliberalism, owing to the absence of any critical reflection on the modes of articulation between institution and competition (between liberalism and neoliberalism). Any diagnosis that renounces singularity, correlates with policies devoid of singularity with respect to the present challenge.

4. In a sense, all over the continent the same problem is at stake: are the repositioning of the state and the new anti-liberal leadership able to overcome neoliberalism? Our thesis is that it is only the energy displayed in the movements and revolts of the last decades on the continent that anticipates new subjects and rationalities, which, again and again, are undermined with the reintroduction of an authentically liberal rationality starting with the 'recuperation of the state'.⁸

5. What is under discussion now is neoliberalism. And what will exist after neoliberalism is the substitution of some institutions by others, if we define institutions as something more profound and active than the political-institutional scaffolding we have known.

6. Let us (with Virno) describe the 'institution' of post-capitalism as the projection of a space for the development of a new rationality, as briefly glimpsed in the rebellions and new subjectivities in America's Southern Cone during the last decade.

7. Finally, these distinctions would permit us to distinguish between postneoliberalism and a neoliberalism of the left⁹ which integrates the delegitimisation of neoliberalism only in terms of political debate .

Neo-developmentalism?

We know that the global crisis is not merely an *economic* crisis, because capitalism is not merely economic, but the subsuming of life by capital, into the language of accountancy and monetary codification. Neither is it an exclusively local crisis. Even the Argentine government, which, at the beginning, thought what was happening was a



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8 A different thesis is the one Negri proposes concerning the power of movements that are 'passing through at a distance' (*atravesamiento con distanciamiento*). See interview with Toni Negri, 'Cambio de paradigmas', by Verónica Gago, *Página/12*, Buenos Aires, 4 December 2007.

9 This idea of a 'neoliberalism of the left' is elaborated on by Raúl Zibechi. See interview with him by M. Laura Carpinetta: 'Seguimos bajo un modelo neoliberal', *Página/12*, Buenos Aires, 23 September 2008.

national crisis in the United States, without any consequences for our country, is now realising the immediately transnational dimensions of the disaster. A world is becoming evident in which the market tends to become second nature, constantly underpinned by institutions which, at the moment, situate themselves at the centre of the scene: states, international regulators and diverse attempts at global legality.

Is it possible that so much sincerity confirms the ideological certainties of the anti-imperialist left? The global crisis is revealing the *relative* loss of influence of the United States and of their claim to be the only superpower (a position they have wanted to maintain since the end of the Cold War). Quite clearly, new strategies of regional development are emerging which, in one way or another, form part of the government of social exchanges. Is it possible (and convenient) to be ignorant of the fluid and conflicting dynamic that is developing on that level? Are not the still timid plans for regional integration in the Southern Cone Region precisely a sign of the extent to which a new space for these initiatives exists? Should we not discuss instead the *neodevelopmental* nature with which it is intended to characterise these new forms of governmentality?

These oversimplified concepts of the crisis serve only to legitimate powers, not to open up political spaces. It is what happens when one simply confronts national integration and the global market, without thinking about the nature of the new forms of global regulation, of hierarchies and of the exploitative relations preserved in the national space itself. The anti-imperialist rhetoric runs the risk of losing its previous antagonistic efficiency and of being put at the service of the national development plans to codify the innovations introduced by the social movements of South America during the last decade (removal of neoliberal institutionality and legitimacy, elimination of repressive agendas, and so on).

Moreover, such confrontation hinders understanding of the apparently indirect connections between the militaristic ideas elaborated in the United States, as the predominant way of managing the global order, and the frontiers of 'dangerousness' (government through fear), which are being developed in the Latin American countries as a strategy to control the population (in particular migrant workers).

The simple identification of more regulation and democratic management, which is being proposed, could, especially nowadays, be a destructive path for social movements. Especially if the agenda for

this 'return to the state' is undertaken without fundamental discussions on the nature of those 'regulations', as well as on the type of institutions that would be necessary to overcome the state's role as guarantor and supporter of neoliberal accumulation based on the direct exploitation of life, of the product of social cooperation and of natural resources.

The Latin American perspective



Who in our time is in a better position to capitalise on the symbols of the nation, as well as to exploit its meagre remains, than the supporters of capitalist globalisation?

The idea of the nation is again in dispute. And its positive agenda can be taken up again if it is opened up right across the continent (and the rest of the Third World), and if it is renewed on the basis of social innovation created through new and old forms of popular action. Otherwise, who in our time is in a better position to capitalise on the symbols of the nation, as well as to exploit its meagre remains, than the supporters of capitalist globalisation (see the recent change of the Repsol-YPF logo into YPF with the Argentine flag as background)? The nation is one of the viable symbolic grounds for the re-building of an (always global) capitalism in search of reinventing its power of total command over the crisis.

The crisis of capital (which is profound and affects civilisation itself) anticipates its attempt to reorganise a political institutionality and, accordingly, the instruments of social domination (the world of new regulations to come). The task now is to create and strengthen areas of identification and production of common signs, in order to exchange and strengthen forms of resistance and critical perspectives, and institutions capable of understanding and acting at the level of antagonism; which requires – whether as open confrontations or as a series of agreements – communication and independent thinking with regard to those institutions dedicated to the re-establishment of capital.

In Latin America, as we know, we live in a different situation from the rest of the Western world. The crisis of neoliberalism exploded before, and the new actors divided their forces to continue with their own development and to take part in a series of new governments (very dissimilar from each other, with differing means of discussing and perceiving the global-capitalist world, and of creating a new dynamics as the foundation), which have included these acts in various ways and in various proportions. Still today we are involved in the ambivalences of this dual process, in which, on the one side, the movements are confronted with the necessity of seeking autonomy for their spaces of development, organisation and politicisation of new

dynamics, and, on the other hand, according to circumstances, they become more or less involved in some governmental dynamics which they do not always control.

Postneoliberalism: a hypothesis for Argentina

To talk about postneoliberalism means, for us, the possibility of a question: shall we be able to confront these new scenarios critically, based on a renewed polarity between collective protagonists and the restored/reformed institutions of capital?

In our country, the discussion is complex, because the identification of state intervention with democracy and social distribution has sometimes been useful to make room for policies with a progressive (distributive) agenda. However the rhetoric with which those policies is invoked nowadays is too often associated with evoking a past to which we should return. This underestimation of the new logics of production and of the contemporary social and political subjectivities gives scope for reactionary (expropriating) understandings of that past and of those categories, enabling the repositioning of state intervention according to the requirements of capitalist accumulation and denying the implicit potential of the present.

The deficient powers of neoliberal institutionalism (which, in its time, gave place to countless organised social movements) continue being an indispensable argument for an authentic postneoliberal policy.



Realistic postneoliberalism – A view from South Africa

Patrick Bond¹

Those who declare that the Great Crash of late 2008 heralds the end of neoliberalism are not paying close enough attention, including even the Swedish Bank's 'Economic Nobel Prize' laureate for 2008, Paul Krugman (2008):

Everyone's talking about a new New Deal, for obvious reasons. In 2008, as in 1932, a long era of Republican political dominance came to an end in the face of an economic and financial crisis that, in voters' minds, both discredited the [Republican] free-market ideology and undermined its claims of competence. And for those on the progressive side of the political spectrum, these are hopeful times.

I disagree. It is not time to go 'postneoliberal' in policy argumentation *within the existing institutional framework*, given the adverse balance of forces in the world today, even accounting for the November 2008 US election. Instead, a more realistic – and also radical – approach requires us first to humbly acknowledge that a more dangerous and painful period lies immediately ahead, because of at least three factors:

- public policy will suffer from the financial sector crisis via *intense austerity*, pressures associated with extreme *economic volatility* (such as privatisation), and a renewed lobby for *micro-neoliberal strategies*;
- there remains unjustified faith in the *multilateral system* (from Kyoto to Bretton Woods revivalism), which distracts us from the *national-scale* solutions that are both feasible and radical; and
- a new threat arises, in the form of *relegitimised neoliberalism and imperialism*, via the election of Barack Obama as US president.

South Africa and Africa offer myriad illustrations of these problems. The view I have from Durban leads me to conclude that until we change the power balance, a new era of global-scale postneoliberalism imposed from the top down is a fantasy, whether envisaged from

¹ Some of these ideas were debated at the Gyeongsang University Institute for Social Studies (supported by the Korea Research Foundation's grant KRF-2005-005-J00201). Thanks are also due to numerous collaborators in other institutions and justice movements, especially Dennis Brutus at CCS.

Pretoria, Beijing, Caracas, Washington, New York or European capitals. Moving forward requires hard work, not just a capitalist crisis.

What kind of work will be needed to achieve a postneoliberal political economy, or at least the conditions that would make such possible? In two articles for the Dag Hammarskjöld Foundation – ‘Perils of elite pacting’ in *Critical Currents* no. 1 (Bond 2007a) and in ‘Linking below, across and against’ in the *Development Dialogue* Global Civil Society special issue (Bond 2007b) – I raised two dilemmas, respectively: first, uncoordinated, dysfunctional global intra-capitalist cohesion on major policy problems; and second, the potentials but also serious weaknesses in the countervailing World Social Forum and global justice movements. But if many would share my skepticism about *global-scale* solutions to problems, then what now requires elaboration (in this article) is the variety of *national-scale* opportunities and accomplishments on the left. This is a particularly acute time to refocus our attention on sites of *genuine* power, given the misleading hype about a new Bretton Woods conference under G20 (or even United Nations Financing for Development) mandates, or a 2009 Copenhagen solution to the Kyoto Protocol’s malaise.

In addressing the core problems identified above, the view from South Africa is revealing, if combined with other examples from around the world:

- to counteract the austerity, volatility and micro-neoliberalism, we need to immediately recall and reorganise campaigning associated with *defence against financial degradation* (cf. Altvater, this volume);
- to transcend fruitless calls for *United Nations solutions to environmental, economic and geopolitical problems*, we need to reconsider national state powers such as *exchange controls, defaults on unrepayable debts, financial nationalisation and environmental reregulation*, and the *deglobalisation/decommodification* strategy for basic needs goods; and
- to assist the *re-delegitimisation of US power*, we need to insist on a world not addicted to the US dollar and all that it represents economically, and also provide *critical* (not dogmatic) support to rising anti-imperialist potentials.

These are some of the crucial strategic orientations that are required to move from an illusory postneoliberal hubris, claimed by progressives in many sites around the world, to a more durable terrain upon which firm foundations are laid for human and environmental rights as political determinants, instead of markets and profits. The rest of the article lays out the problem and pilots for the solutions (due to constraints of space, focusing on financial degradation and the rel-



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egitimation of neoliberalism and imperialism), drawing especially upon national (South African) political processes that are realistic in coming months/years.

Our not-yet-postneoliberal reality: financial degradation

As this issue of *Development Dialogue* went to press, the G20 had just met to discuss the way forward for global financial regulation. In their 15 November 2008 statement, the G20 (2008:1) clumsily conjoined disparate ideologies:

We must lay the foundation for reform to help to ensure that a global crisis, such as this one, does not happen again. Our work will be guided by a shared belief that market principles, open trade and investment regimes, and effectively regulated financial markets foster the dynamism, innovation, and entrepreneurship that are essential for economic growth, employment, and poverty reduction.

That essentially pro-market approach was balanced, however, by European voices at the G20 (as reported by Parker, Ward and Hall, 2008):

Spain's governing Socialist party summed up the heady mood in some parts of Europe in an internal document, seen by *El Mundo*, that identified the summit as a moment of historic change. 'The origins of this crisis lie in neoliberal and neoconservative ideology,' it said.

At the summit press conference, International Monetary Fund managing director Dominique Strauss-Kahn

called for nations to approve a fiscal stimulus equal to 2 per cent of gross domestic product. Such a move, he said, would result in a 2 per cent increase in growth. When asked where fiscal stimulus was needed, he said, 'everywhere, everywhere where it is possible' (Grice and Foley, 2008).

But for Strauss-Kahn, such Keynesian noises are easily uttered in settings like the G20 crisis conference, at which the Bretton Woods institutions must be seen to be acting forcefully (and after all, the IMF director's personal sponsor, French premier Nicolas Sarkozy, has railed against 'American capitalism'). In reality, though, the IMF was simultaneously treating South Africa like a typical Third World debtor deserving of a full neoliberal work-out. For on 22 October, the IMF filed several lengthy reports which made the following six points concerning South Africa:

- the SA government should run a budget surplus;
- the SA government should adopt privatisation for 'infrastructure and social needs' including electricity and transport;

- the SA Reserve Bank should maintain existing inflation-targeting;
- the SA Reserve Bank should raise interest rates;
- the SA Treasury and Trade Ministry should remove protections against international economic volatility, especially financial and trade rules; and
- the SA Labour Ministry should remove worker rights in labour markets, including ‘backward-looking wage indexation’ to protect against inflation (Bond, 2008a).

Instead of conceding the need for exchange controls and import controls on luxury goods so as to restore payments and trade account balances, the IMF (2008) had one solution, contrary to Strauss-Kahn’s rhetoric: ‘Tighter fiscal policy to avoid exacerbating current account pressures.’

The point is that the global crisis may conjure up triumphant centre-left rhetorics of postneoliberalism in a European neo-Keynesian (and appropriately anti-American) context. But where the real power relations can be revealed, in the devalorisation of overaccumulated capital, it is instead much more appropriate to prepare a defence against austerity. The coming austerity was articulated by the most sophisticated South African neoliberal, finance minister Trevor Manuel (who has long been groomed for a top IMF job). He was asked by *The Financial Times* (2008) in October about the impact of the financial crisis on South Africa, and told his constituents to tighten their belts:



The huge bubble in commodities – petroleum, minerals, cash crops, land – disguised how much countries like South Africa stood exposed.

We need to disabuse people of the notion that we will have a mighty powerful developmental state capable of planning and creating all manner of employment. It may have been on the horizon in 1994 [when the governing African National Congress first came to office] but it could not be delivered now. The next period is likely to see a lot more competitiveness in the global economy. As consumer demand falls off there will be a huge battle between firms and countries to secure access to markets.

Securing access to markets is indeed the core problem for national capitalist elites and for the system as a whole. ‘Overaccumulation of capital’ at the global scale is the root problem of the recent crisis, coming on the heels of a period of 35 years of world capitalist stagnation, extreme financial volatility and internecine competition that has had ruinous impacts. The huge bubble in commodities – petroleum, minerals, cash crops, land – disguised how much countries like South Africa stood exposed, and indeed the early 2000s witnessed increasing optimism that the late 1990s emerging markets currency crises could be overcome within the context of the system. Moreover, even before the resources boom, by 2001 the rate of profit for large South African capital was restored from an earlier downturn from the 1970s–90s, to ninth highest amongst the world’s major national economies (far ahead of the US and China), according to one British government study (Citron and Walton 2002).

The reality, though, was that high corporate profits were not a harbinger of sustainable economic development in South Africa, as a result of persistent deep-rooted contradictions:

- with respect to stability, the value of the rand in fact crashed (against a basket of trading currencies) by more than a quarter in 1996, 1998, 2001, 2006 and 2008, the worst record of any major economy, which in turn reflects how vulnerable SA became to international financial markets thanks to steady exchange control liberalisation (26 separate loosening of currency controls) starting in 1995;
- SA witnessed GDP growth during the 2000s, but this does not take into account the depletion of non-renewable resources – if this factor plus pollution were considered, SA would have a net *negative* per person rate of national wealth accumulation (of at least US\$ 2 per year), according to even the World Bank (2006, 66);
- SA’s economy has become much more oriented to profit-taking from financial markets than production of real products, in part because of extremely high real interest rates, for from March 1995 (when the financial rand exchange control was relaxed), the after-

inflation interest rate rose to a record high for a decade's experience in SA economic history, often reaching double digits (after a recent 3.5 per cent spike during the mid-2000s, consumer and housing credit markets are badly strained by serious arrears and defaults);

- the two most successful major sectors from 1994–2004 were communications (12.2 per cent growth per year) and finance (7.6 per cent) while labour-intensive sectors such as textiles, footwear and gold mining shrunk by 1–5 per cent per year, and overall, manufacturing as a percentage of GDP also declined;
- the SA government admits that overall employment growth was –0.2 per cent per year from 1994–2004 – but –0.2 per cent is a vast underestimate of the problem, given that the official definition of employment includes such work as ‘begging’ and ‘hunting wild animals for food’ and ‘growing own food’;
- the problem of excessive capital intensity in production – too many machines per worker – will probably get worse, for the Industrial Development Corporation (a state agency) forecasts that the sector with the most investment in the period 2006–10 will be iron and steel, with a massive 24 per cent rise in fixed investment per year, but sectoral employment expected to fall 1.3 per cent per year, in spite of – or indeed because of – all the new investment;
- overall, the problem of ‘capital strike’ – large-scale firms’ failure to invest – continues, as gross fixed capital formation hovered around 15–17 per cent from 1994–2004, hardly enough to cover wear-and-tear on equipment; and
- businesses did invest their SA profits, but not mainly in SA: dating from the time of political and economic liberalisation, most of the largest Johannesburg Stock Exchange firms – Anglo American, DeBeers, Old Mutual, SA Breweries, Liberty Life, Gencor (now the core of BHP Billiton), Didata, Mondi and others – shifted their funding flows and even their primary share listings to overseas stock markets;
- the outflow of profits and dividends due these firms is one of two crucial reasons SA’s ‘current account deficit’ has soared to amongst the highest in the world (in mid-2008 exceeded only by New Zealand) and is hence a major danger in the event of currency instability, as was Thailand’s (around 5 per cent) in mid-1997;
- the other cause of the current account deficit is the negative trade balance, which can be blamed upon a vast inflow of imports after trade liberalisation, which export growth could not keep up with;

Stated employment growth of -0.2 per cent per year is a vast underestimate of the problem, given that the official definition of employment includes such work as 'begging' and 'hunting wild animals for food' and 'growing own food'.



- another reason for capital strike is SA's sustained overproduction problem in existing (highly-monopolised) industry, as manufacturing capacity utilisation fell substantially from the 1970s to the early 2000s;
- corporate profits avoided reinvestment in plant, equipment and factories, and instead sought returns from speculative real estate and the Johannesburg Stock Exchange: there was a 50 per cent increase in share prices during the first half of the 2000s, and the property boom which began in 1999 had by 2004 sent house prices up by 200 per cent (in comparison to just 60 per cent in the US market prior to the burst bubble, according to the International Monetary Fund).

With this sort of neoliberal preparation, it is no surprise that in the second week of October 2008, South Africa's stock market crashed 10 per cent (on the worst day, shares worth US\$ 35 billion went up in smoke) and the currency declined by 9 per cent, while the second week witnessed a further 10 per cent crash. The speculative real estate market had already begun a decline that might yet reach those of other hard-hit property sectors like the US, Denmark and Ireland, because South Africa's early 2000s housing price rise far outstripped even these casino markets (200 per cent from 1997-2004, compared to 60 per cent in the US).

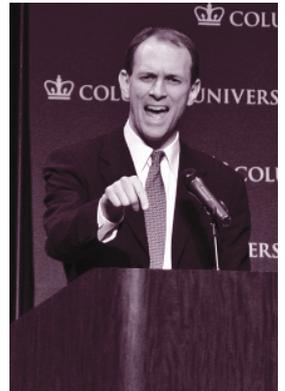
Even the apparent death of South Africa's neoliberal project in September 2008, personified by former president Thabo Mbeki, whose

pro-corporate managerialism was one reason for an unceremonious removal from power, is misleading. The ‘populist’ ruling party leader Jacob Zuma appears intent on not only retaining Manuel as long as possible but preparing a collision course with his primary internal support base, trade unionists and communists, in the run-up to the March 2009 general election. As Zuma put it to the American Chamber of Commerce in November 2008, ‘We are proud of the fiscal discipline, sound macroeconomic management and general manner in which the economy has been managed. That calls for continuity’ (Chilwane 2008).

What this means in South African and similar sites is that the 2000s economic expansion (in SA’s case around 5 per cent through most of the decade until 2008) was untenable, as growth was based upon unsustainable economic practices associated with a last-gasp neoliberal speculative and credit-based consumption spree. Given the durable power of neoliberal economic managers, extreme austerity – not postneoliberalism – looms.

Obama’s neoliberals

Regrettably, this appears the case in the site of greatest hope, or at minimum relief – the US. Unfortunately, another false solution to the world economic crisis arose in November 2008, with Obama’s election as US president. Although he announced a stimulus package aimed at creating 2.5 million jobs through public works by January 2011, Obama’s team of economic policy managers is decidedly neoliberal and has the orientation and capacity to undermine postneoliberal state intervention. A central figure in the current crisis is the deregulatory yet pro-bailout financial manager, Tim Geithner, chosen as Treasury secretary. Head of the Council of Economic Advisors is neoliberal University of Chicago professor Austan Goolsbee. Similarly, Lawrence Summers was not only the main force in Washington responsible for the most disastrous recent financial deregulation, in 2000 as Bill Clinton’s Treasury secretary, he was also the central figure in the prior world financial crisis, in 1997–99, when he pushed Asia to open its doors to foreign financiers in exchange for bailout loans. And the prior economic crisis featured Paul Volcker. Judging by their record and ideology, these three leading economic advisors will do yet more intense damage to the rest of the world, and they will do so with far greater power – thanks to undeserved credibility associated with Obama’s election – than did Bush’s financial managers.



Head of the Council of Obama’s Economic Advisors is neoliberal University of Chicago professor Austan Goolsbee.

New York Federal Reserve Bank president Geithner served under Henry Kissinger in his consultancy firm during the mid-1980s, joined the Reagan–Bush administration in 1988, and then worked for Summers and Robert Rubin in the Clinton Treasury Department during the 1990s. As New York Fed president, he was implicated in both deregulation and the first round of ineffectual Wall Street bailouts in 2008, in which he failed to foresee the devastating impact of the Lehman Brothers investment bank’s failure on world finance.

Issuing from the comfort of University of Chicago Business School, Goolsbee’s (2007) advocacy of increased subprime mortgage lending in the *New York Times* just a few weeks before the real estate crisis burst upon the world economy, in 2007, appeared entirely ideological: ‘[S]omeone with a low income now but who stands to earn much more in the future would, in a perfect market, be able to borrow from a bank to buy a house... the mortgage market has become more perfect, not more irresponsible.’

Summers, too, was incompetent in his consistent advocacy of financial deregulation, though he is best known in US political circles for the sexism controversy that cost him the presidency of Harvard University in 2006 (following huge conflicts with his leading African-American scholars). During the late 1990s he took advantage of Asia’s economic woes to force further dogmatic liberalisation along with bailouts of US creditors that ran into the hundreds of billions of dollars, starting with Mexico in 1995. A few years earlier Summers (1991) gained infamy as an advocate of African genocide and environmental racism, thanks to a confidential World Bank memo he signed when he was the institution’s senior vice-president and chief economist:

I think the economic logic behind dumping a load of toxic waste in the lowest-wage country is impeccable and we should face up to that... I’ve always thought that underpopulated countries in Africa are vastly underpolluted, their air quality is vastly inefficiently low...

After all, Summers continued, inhabitants of low-income countries typically die before the age at which they would begin suffering prostate cancer associated with toxic dumping. And in any event, using marginal productivity of labour as a measure, low-income Africans are not worth very much anyhow. Nor are African’s aesthetic concerns with air pollution likely to be as substantive as they are for wealthy Northerners. Such arguments were said by Summers to be made in an ‘ironic’ way. Yet their internal logic was pursued with a vengeance

by the World Bank and IMF long after Summers moved over to the Clinton Treasury Department, where in 1999 he insisted that Joseph Stiglitz be fired by Bank president James Wolfensohn for speaking out consistently against the impeccable economic logic of the Washington Consensus.

One of Obama's other leading advisors has done more damage to Africa, its economies and its people than anyone in recent history. Volcker is an 82 year old banker. Even the International Monetary Fund's official history (2001) cannot avoid using the famous phrase most associated with the Fed chair's name:

The origins of the debt crisis of the 1980s may be traced back to and through the lurching efforts of the world's governments to cope with the economic instabilities of the 1970s...[including the] monetary contraction in the United States (the 'Volcker Shock') that brought a sharp rise in world interest rates and a sustained appreciation of the dollar.

Volcker's decision to raise rates so high to rid the US economy of inflation and strengthen the fast-falling dollar had special significance in Africa. The numbers involved were daunting for a typical African country. According to University of California economic geographer Gillian Hart (2004), 'Medium and long-term public debt [of low-income countries] shot up from US\$ 75.1 billion in 1970 to US\$ 634.4 billion in 1983. It was the so-called Volcker Shock...that ushered in the debt crisis, the neoliberal counterrevolution, and vastly changed roles of the World Bank and IMF in Latin America, Africa, and parts of Asia.' Another leading political economist, Elmar Altvater (this volume) of Berlin's Free University, recalls how the world 'slid into the debt crisis of the 1980s after the US Federal Reserve tripled interest rates (the so-called "Volcker Shock". . .) leading to what later has been described as the "lost decade" for the developing world'.

Meanwhile, the Bank's sister institution, the International Monetary Fund, was described by Tanzanian president Julius Nyerere as 'a neo-colonial institution which exploits the poor to make them poorer and serves the rich to become richer' (cited in Bond 1998). Volcker had, ironically, played a central role in the destruction of the Bretton Woods system's dollar-gold convertibility arrangement, effectively a US\$ 80 billion default on holders of dollars abroad, when in 1971 he served Richard Nixon as under-secretary of the Treasury (deputy finance minister). Eight years later, even though then-president Jimmy Carter did not know him, he was chosen to chair the Federal Re-

serve, which sets US (and by extension world) interest rates, and now Volcker is back again at Obama's side.

Geithner, Summers, Volcker and similar capitalist economists whispered for a resurgent US based on national self-interest, including a restored financial system again capable of colonising world markets. A renewed commitment to multilateral institutions would be crucial for this gambit. Going into 2009, these men and the institutions they have managed need Obama to re-legitimate shock-doctrinaire neoliberalism – and in turn, they need Obama's Africa advisors (like Witney Schneidman) to promote military imperialism in the form of the Africa Command. Obama himself has explained that his 'fundamental objective' for the continent is 'to accelerate Africa's integration into the global economy' – no matter the vast damage that has been done in history and in recent years (Rodney 1972, Bond 2006). In sum, we can only expect more neoliberalism. What about the prospects from below?

A realistic postneoliberal project

If, as argued above, neoliberalism may have another breath of life, with mouth-to-mouth resuscitation applied from above by Barack Obama or the International Monetary Fund, much stronger pressure is needed from below to resist. Some forms have been well tested in social struggle, including three 'pilot projects' in genuine postneoliberalism: defending against financial degradation; restoring national power without the distraction of global governance; and re-establishing anti-imperialism so as to take advantage of unprecedented United States weakness. I focus here on some dimensions.

First, facing myriad forms of financial crisis, we might consider quite recent examples of community and citizens' groups generating impressive *defence against financial degradation*. Consider two micro examples – the 1990s housing 'bonds boycotts' in South Africa's black townships and Mexico's mid-1990s 'El Barzon' (the yoke) movement against banks – as well as a stronger form of IMF riot than is normal: the Argentine revolt against malgovernance and international debt/banking control in 2001–02 that led to a debt default of US\$ 140 billion.

South Africa's bond boycotts began in the wake of the 200,000 mortgages granted in townships during the late 1980s. The long 1989–93 recession left 500,000 freshly unemployed workers and their families unable to pay for housing. This in turn helped generate a collective refusal to repay housing bonds until certain conditions were



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met. The tactic moved from the site of the Uitenhage Volkswagen auto strike in the Eastern Cape to the Johannesburg area in 1990, as a consequence of two factors: shoddy housing construction (for which the homebuyers had no other means of recourse than boycotting the housing bond) and the rise in interest rates from 12.5 per cent (-6 per cent in real terms) in 1988 to 21 per cent (+7 per cent in real terms) in late 1989, which in most cases doubled monthly bond repayments.

As a result of the resistance, township housing foreclosures which could not be consummated due to refusal of the defaulting borrowers (supported by the community) to vacate their houses, and the leading financier's us\$ 700 million black housing bond exposure in September 1992 was the reason that its holding company (Nedcor) lost 20 per cent of its Johannesburg Stock Exchange share value (in excess of us\$ 150 million lost) in a single week, following a threat of a national bond boycott from the national civic organisation. Locally, if a bank did bring in a sheriff to foreclose and evict defaulters, it was not uncommon for a street committee of activists to burn the house down before the new owners completed the purchase and moved in. Such power, in turn, allowed both the national and local civic associations to negotiate concessions from the banks.

Similarly, a much larger movement – probably 1 million formal members at its peak – joined 'El Barzon' in 1995-96. Mexican presidents Carlos Salina and Ernesto Zedillo maintained neoliberal economic policies which led to a crash in December 1994. By mid-1995, not long after Zedillo's inauguration, 2 million workers had lost their jobs and much of Mexico's middle class sank directly into poverty. The currency fell by 65 per cent, the stock market crashed, and interest rates soared from 14 per cent to more than 100 per cent. As 200,000 small businesses were declared bankrupt, a million Mexicans joined a bond boycott of consumer, farmer and petty-bourgeois debtors who collectively refused to honour loans that had become unrepayable. Their slogan was 'I don't deny I owe – but I'll pay what is just!' In many cases, the El Barzon strategy and solidarity foiled foreclosure proceedings, and generated major concessions from the creditors.

In Argentina, protests in 2001-02 by *piqueteros* against the government's year-long freeze of bank accounts initially took the form of the *cacerolazo* (banging of pots and pans in the cities' main squares) and then massive street demonstrations. During December 2001, one of the four presidents who lost their job due to the intensity of demonstrations, Rodríguez Saá, defaulted on us\$ 132 billion in foreign debts. Although disputes remain about whether the subsequent gov-



'I don't deny I owe
– but I'll pay what is just!'

ernment of Nestor Kirchner could have done more to press home the advantage (Jubilee South's Argentina chapter remains furious about payment of illegitimate debt), in 2003, Kirchner at least showed Argentina's capacity to operate in the world economy even after spurning Washington. According to a surprised *Economist* (2003) magazine, 'After missing a \$2.9 billion payment to the International Monetary Fund on September 9th, it distinguished itself with the single largest non-payment of a loan in the Fund's history. The next day, it clinched a deal that may be the speediest and kindest the IMF has ever agreed to.' Private creditors were forced to take a 70 per cent 'haircut' on Argentine bonds.

The same approach to unrepayable debt – national default – was advocated by then-leading UN economic adviser Jeffrey Sachs. He told heads of state at a July 2004 African Union meeting in Addis Ababa, 'African countries should refuse to repay their foreign debts' and instead use the funds to invest in health and education. (At the time, the IMF was controversially prohibiting expenditure of health funds donated to Africa, especially for HIV/AIDS mitigation, on grounds that civil service pay would rise to above 7 per cent of GDP.)

Also in 2004, a Cape Town meeting of Jubilee Africa members from Angola, Cameroon, Cote d'Ivoire, the Democratic Republic of Congo, Kenya, Mozambique, South Africa, Swaziland, Zambia, Tanzania and Zimbabwe, and partners from Brazil, Argentina and the Philippines working on a comprehensive Illegitimate Debt Audit demanded that their national governments pursue this postneoliberal agenda:

- full unconditional cancellation of Africa's total debt;
- reparations for damage caused by debt devastation;
- immediate halt to the Highly Indebted Poor Country initiative and Poverty Reduction Strategy Papers and the disguised structural adjustment programme through the New Partnership for Africa's Development and any other agreements that do not address the fundamental interests of the impoverished majority and the building of a sustainable and sovereign Africa; and
- a comprehensive audit to determine the full extent and real nature of Africa's illegitimate debt, the total payments made to date and the amount owed to Africa.

Such national-scale challenges to global financial power are the only ways forward, given the adverse global-scale power relations. From a national power base, several other financial sector reforms can be pursued: *imposition*

of exchange controls (such as were applied by Malaysia in 1998 and Venezuela in 2003), *bank nationalisation* (as many Northern countries are doing by way of bailouts), and *fiscal stimulation* (as national states are generally being encouraged to do at present, in order to avoid global depression).

The contemporary form of this approach takes shape in the *deglobalisation* and *decommodification* strategies for basic needs goods, as exemplified in South Africa by the national Treatment Action Campaign and Johannesburg Anti-Privatisation Forum which have won, respectively, antiretroviral medicines needed to fight AIDS and publicly-provided water (Bond 2006). The drugs are now made locally in Africa – in Johannesburg, Kampala, Harare, and so on – and on a generic not a branded basis, and generally provided free of charge, a great advance upon the US\$ 15,000/patient/year cost of branded AIDS medicines a decade earlier (in South Africa, half a million people receive them). The water in Johannesburg is now produced and distributed by public agencies (Suez was sent back to Paris after its controversial 2001–06 protest-ridden management of municipal water); and in April 2008 a major constitutional lawsuit in the High Court resulted in a doubling of free water to 50 litres per person per day and the prohibition of pre-payment water meters (Bond and Dugard 2008).

Similarly, a deglobalised, decommodified alternative is needed to oft-feted micro-credit schemes financed by international financiers and foundations at the expense of local impoverished women who are expected to pay exorbitant interest rates. For anyone believing that micro-credit is a postneoliberal project, consider the extremist viewpoint of Grameen Bank's Muhammad Yunus (1998, 214): 'I believe that "government," as we know it today, should pull out of most things except for law enforcement and justice, national defense and foreign policy, and let the private sector, a "Grameenised private sector," a social-consciousness-driven private sector, take over their other functions' (see Bond 2007c for a full critique).

In contrast, the Venezuelan government of Hugo Chavez has begun providing large grants to 3,500 'communal banks' (Pearson 2008):

Communal banks are social organisations that administer the financial and non-financial resources of the communal councils, the organising mechanism of communities. Through the communal banks, organised communities can finance social projects, assist members in cases of emergency, and make social investments. In the 2009 budget, Chavez explained, US\$ 1.6 billion has been assigned to the communal banks. Chavez noted the irony that while

large, small and medium sized banks are collapsing around the world as a result of the financial crisis, Venezuela is ‘giving birth to thousands of banks that are banks of the people, the communal banks, the banks for popular power...and [this] popular power is vital for the future of the revolution...so this...can’t fail.’... Chavez is also encouraging the communal councils and the national government bodies to create networks of social distribution of the products that are made in the socialist companies and collectives. The idea of such a network would be to counteract the capitalist networks of production, which have been generating speculation in the price of products.



Without a leadership figure of Chavez’s capacity, the crucial ingredient for Africa is heightened pressure from below. This means the strengthening, coordination and increased militancy of civil society.

Without a leadership figure of Chavez’s capacity, the crucial ingredient for Africa is heightened pressure from below. This means the strengthening, coordination and increased militancy of two kinds of civil society: those forces devoted to the debt relief cause, which have often come from what might be termed an excessively polite, civilised society based in internationally-linked NGOs which rarely if ever used ‘tree-shaking’ in order to do ‘jam-making’; and those forces which react via short-term ‘IMF riots’ against the system, in a manner best understood as *uncivilised* society. The IMF riots that shook African countries during the 1980s and 1990s often, unfortunately, rose up in fury and even shook loose some governments’ hold on power. When these, however, contributed to the fall of Kenneth Kaunda in Zambia (one of many examples), the man who replaced him as president in 1991, former trade unionist Frederick Chiluba, imposed even more decisive IMF policies. Most anti-IMF protest simply could not be sustained (Seddon 2002).

In contrast, the former organisations are increasingly networked, especially in the wake of 2005 activities associated with the Global Call to Action Against Poverty (GCAP), which generated (failed) strategies to support the Millennium Developmental Goals partly through white-headband consciousness-raising, through appealing to national African elites and through joining a naïve appeal to the G8 Gleneagles meeting (Bond 2006). Since then, networks have tightened and become more substantive through two Nairobi events: the January 2007 World Social Forum and August 2008 launch of Jubilee South’s Africa network. Moreover, Jubilee Africa also added ecological debt to its agenda, insisting that the free environmental space that African rainforests provide the North for acting as a carbon sink be compensated in future financial and aid negotiations. Such calculations, as done for example by Joan Martinez-Alier (2002), would show that the North owes the South, not the other way around.

Regrettably, a necessary prerequisite to make all the above strategies more feasible is the *re-delegitimisation of US power*. Most obviously, a world addicted to the US dollar as the reserve currency will be at the mercy of the US state, as one example. The insane mutually-assured destructive system of US Treasury Bill purchases by East Asian investors – so as to ensure a market for their consumer goods – began running into the contradiction of huge declines in Chinese, Japanese, Taiwanese and Korean dollar reserves wealth, as the US currency fell substantially in recent years. A multi-currency exchange system is inevitable, and to the extent it is conjoined with national exchange controls and hence less extreme volatility in financial trading, will be advantageous for economic development, compared to the current currency anarchy. Ideally something like Keynes' International Currency Union – which would penalise balance of trade surpluses – would be ideal, but given the neoliberal and neoconservative forces in multilateral institutions, is probably out of the question in our lifetimes.

The big problem remains the US state, because to counteract US economic and cultural decline, two strategies are now in play: political revitalisation via Barack Obama's carefully-crafted image as a non-imperialist politician with roots in African-American, Kenyan and even Indonesian traditions; and the activism anticipated through his secretary of state, Hillary Clinton, a strong supporter of the US war against Iraq. Obama may not run as extreme a militarist regime as Bush/Cheney did or as McCain/Palin would have done. Yet as Jeremy Scahill points out, there is an awful precedent from Washington's imperialist habits during Bill Clinton's administration:

The prospect of Obama's foreign policy being, at least in part, an extension of the Clinton Doctrine is real. Even more disturbing, several of the individuals at the center of Obama's transition and emerging foreign policy teams were top players in creating and implementing foreign policies that would pave the way for projects eventually carried out under the Bush/Cheney administration. With their assistance, Obama has already charted out several hawkish stances. Among them:

- his plan to escalate the war in Afghanistan;
- an Iraq plan that could turn into a downsized and rebranded occupation that keeps US forces in Iraq for the foreseeable future;
- his labelling of Iran's Revolutionary Guard as a 'terrorist organisation';
- his pledge to use unilateral force inside of Pakistan to defend US interests;

- his position, presented before the American Israel Public Affairs Committee that Jerusalem ‘must remain undivided’ – a remark that infuriated Palestinian officials and which he later attempted to reframe;
- his plan to continue the War on Drugs, a backdoor US counterinsurgency campaign in Central and Latin America;
- his refusal to ‘rule out’ using Blackwater and other armed private forces in US war zones, despite previously introducing legislation to regulate these companies and bring them under US law (Scahill 2008).



‘I don’t want to just end the war,’ Obama said early this year. ‘I want to end the mindset that got us into war.’ That is going to be very difficult if Obama employs a foreign policy team that was central to creating that mindset, before and during the presidency of George W. Bush.

In addition to Hillary Clinton and the reappointment of Bush’s defense secretary Robert Gates, Scahill (2008) warns of the following imperialist influences: vice president Joe Biden, chief of staff Rahm Emanuel, former secretaries of state Madeleine Albright and Warren Christopher, former defense secretary William Perry, former UN ambassador Richard Holbrooke, and other key Clinton-era figures (Dennis Ross, Martin Indyk, Anthony Lake, Lee Hamilton, Susan Rice, John Brennan, Jami Miscik, John Kerry, Bill Richardson, Ivo H. Daalder, Sarah Sewall, Michele Flournoy, Wendy Sherman, Tom Donilon, Denis McDonough and Mark Lippert). As Scahill concludes,

Barack Obama campaigned on a pledge to bring change to Washington. ‘I don’t want to just end the war,’ he said early this year. ‘I want to end the mindset that got us into war.’ That is going to be very difficult if Obama employs a foreign policy team that was central to creating that mindset, before and during the presidency of George W. Bush.

What is most crucial, then, for a realistic postneoliberal project, is ongoing delegitimisation of the US in its political and military modes. One danger zone is Africa, where the Bush/Cheney/Gates geopolitical and military machinery ground to a halt in the form of the Africa Command. No state aside from Liberia would entertain the idea of hosting the headquarters (which remained in Stuttgart), notwithstanding an endorsement of Africom from even Obama’s main Africa advisor, Witney Schneidman.

More importantly, even if Obama restores a degree of US credibility at the level of international politics, US military decline will continue to be hastened by failed Pentagon strategies against urban Islamist guerilla movements in Baghdad, rural Islamist fighters in Afghanistan and Pakistan, and the belligerent nuclear-toting state of North Korea. None of these forces represent social progress, of course, but

they probably are responsible for such despondency in Washington that other targets of US imperial hostility, such as the governments of Cuba, Venezuela, Bolivia and Ecuador, remain safe from blatant overthrow in the near term.

In turn, those four Latin American countries have the best opportunity in the world, today, to build postneoliberal economic, social and environmental projects. The latter eco-socialist project is vitally important, because to counter the objectionable idea of ‘petro-socialism’, as practiced in Venezuela, there are some inspiring examples in Cuba’s post-carbon innovations, in Bolivia’s indigenous people’s power and in Ecuador’s official commitment – no matter how it wavers in practice – to a ‘keep the oil in the soil’ policy in the Yasuni National Park. The social and economic advances in postneoliberal Venezuela are important, as are Keynesian strategies being implemented in China (the world’s most expansive public works projects – with ecological disasters) and Argentina, as key examples.

From South Africa, our window on this new world shows quite clear dangers of both Pretoria government officials and NGOs (for example, Civicus, headquartered in Johannesburg) being coopted into renewed neoliberal (and even neoconservative) US imperial projects, especially if Obama draws upon his African roots for socio-political power. Antidotes remain, of course, and are expressed through anti-imperialist sentiments emerging in both the centre-left political actors (the trade unions and SA Communist Party) and the independent left social movements (especially those acting in solidarity with Zimbabweans, Swazis, Palestinians and Burmese).

But the most powerful South African example is not the negation of neoliberalism and imperialism, but rather the grassroots activist initiatives – such as acquiring generic AIDS medicines and free public water supplies – against the forces of micro-commodification and macro-neoliberalism. These are indeed the most useful signals that another world – realistically postneoliberal – is not only possible, but is being constructed even now.

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In the last 30 years, neoliberal policies have been implemented in almost every society on the globe, resulting in fairly specific 'neoliberal' configurations.

This volume has been compiled in time for the World Social Forum in January 2009 in Belém in order to initiate a new debate. It offers various responses to the negative impacts of neoliberalism and its growing inability to deal with the upcoming contradictions and crises. The contributors are mainly scholar-activists from different parts of the world, who present perspectives on social, political and/or economic transformations. They

deal with shifting terrains of social struggles and compromises, taking place on different scales, in various contexts and by different actors. All postneoliberal approaches have in common that they constitute a rupture with specific aspects of 'neoliberalism'. The contributors explore different aspects of a possible postneoliberalism, focusing on continuities and discontinuities, which vary in depth, complexity and scope, and relate to everyday practices as well as comprehensive concepts.

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