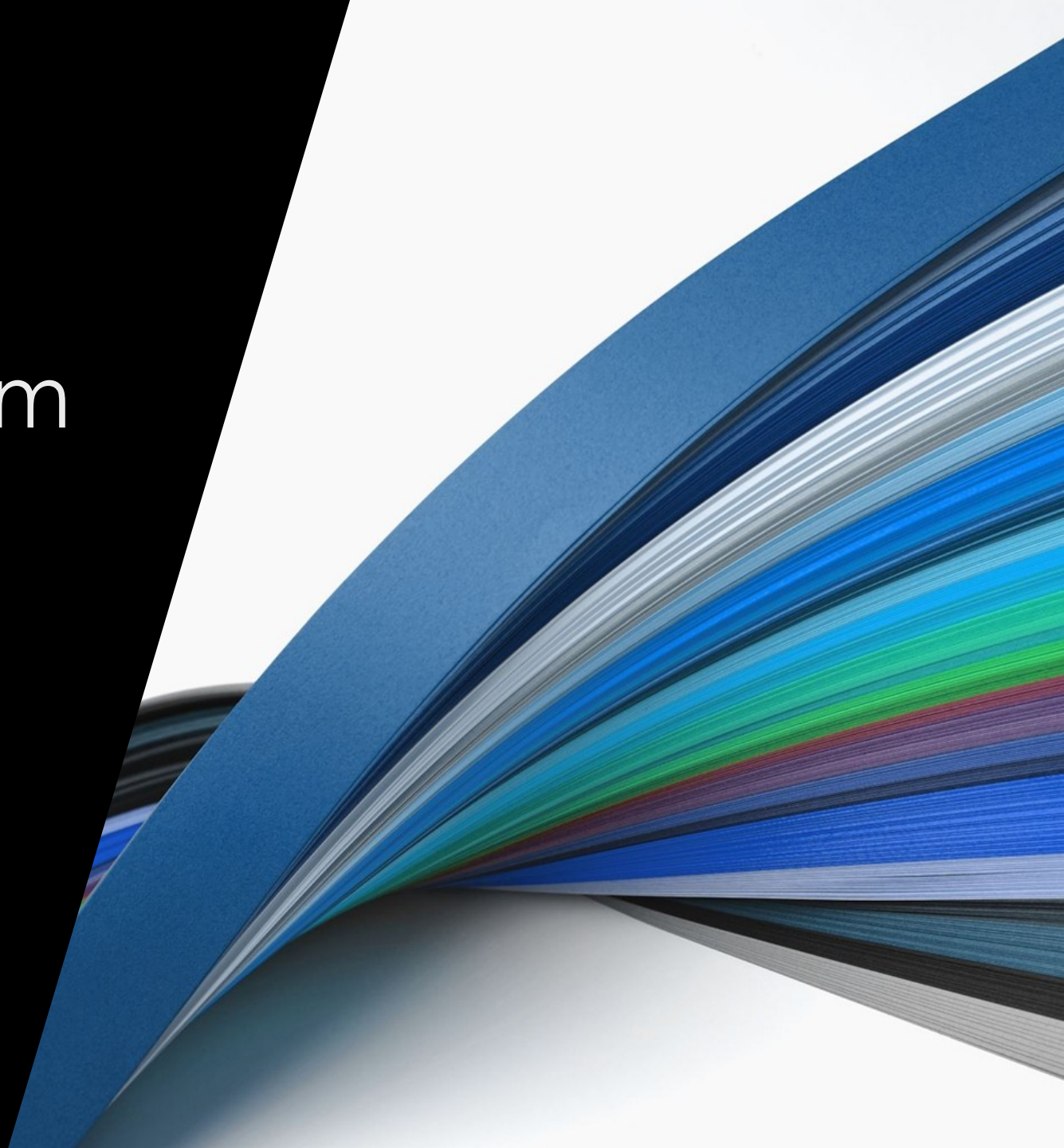


Neoliberalism: The Globalisation of American Capitalism and its consequences



The International Order: Reflections of American Power.

- ▶ Formation of Post-War Global Economic Order forged in the Image of the United States, as the sole existing superpower
- ▶ IMF and World Bank set up to give extra voting power to the US (and Western Allies). Essentially granted control to the US and Western Allies allowing them to forge the global economic order.
- ▶ WTO also created under the auspices of 'Free, Unfettered Trade' which was specifically to advance the aims of the emergence capitalist hegemon

Western Dominance in Security Institutions.

- ▶ UN Security Council- 5 permanent members with 'Vetos' on UN military action. This was insisted upon by the US so that no interventions could be made without it. 3 of the 5 Veto Wielding members are Western States (UK, France, US), and Russia and China.
- ▶ Security Council has in many ways operated as an arm of US power. Due to the US's overwhelming military might, not interventions have been possible without its agreement.
- ▶ Interventions have been made specifically to protect US interests even with small casualties: Haiti: While Rwanda was ignored.

What is Neoliberalism?

- ▶ Neoliberalism is an Ideology that seeks to transfer the control of economic factors from the public sphere to the private sphere. Seeks to do this not just nationally, but globally through removing government controls and protections on trade across borders, in a one-size fits all approach to economic governance.
- ▶ In particular this entails the removal of State Aid from local businesses and the removal of tariffs and other protections to local industry- States cannot prop up 'uncompetitive' businesses'
- ▶ Seeks to limit state interference in the private sector: Deregulation, moving state functions and public sectors into the private sector.
- ▶ Examples might include the provision of public health, or energy, by private companies

History of Neoliberalism

- ▶ Neoliberalism emerged as a dominant philosophy in the 1970's and 1980's and replaced the previously dominant philosophy of 'Keynesianism which accepted capitalism but with state intervention to protect human, economic, and social rights.
- ▶ 'Known as the 'Reagan-Thatcher Consensus, as it was strongly pushed by both these conservative leaders..
- ▶ Philosophy broadly maintained under Presidents Clinton and Blair with increasing deregulation and promotion of global neoliberalism.
- ▶ Based on 'trickle down' economics that overall wealth generated at the top would eventually reach the poorer people- this did not happen.

Multinational Corporations and Neoliberalism.

- ▶ Main beneficiaries (and promoters) of Neoliberalism were multinational corporations.
- ▶ Multinational Corporations benefited from Neoliberalism in two key ways.
- ▶ Firstly, the removal of tariffs and protection from local industries open up enormous new markets for MNC's
- ▶ Secondly, the Removal of Barriers allows MNC's to scour the world looking for where goods can be produced at the lowest cost.

Impact on the UK and US.

- ▶ Transfer of manufacturing from developed to developing countries has created huge pockets of depression, particularly in the US 'Rust Belt'. Once thriving communities where one manufacturing job could support a family have been 'decimated'. Contributed to the Rise of Trump.
- ▶ Similar but lesser effect in the UK's 'Northern Heartlands', where steel and other key industries have been destroyed.
- ▶ Left Developed countries increasingly reliant on Services, leading to substantial portions of the population disenfranchised and economically and emotionally depressed.

Global Neoliberalism 1: The IMF and 'Structural Adjustment'.

- ▶ Latin American Countries in Huge Debts were forced to go to the International Monetary Fund as the 'lender of last resort'
- ▶ Neoliberal powers in the IMF saw the debt crisis as an opportunity reshape the economies of Latin America by opening them up to FDI and unregulated trade.
- ▶ As a result loans were made under conditions of 'structural' adjustment' which forced latin American economies to open up their economies to FDI, remove protections for vulnerable industries, and allow the Free Market to dictate their economies.
- ▶ 'One Size Fits all' Policy did not work. It lead to huge destruction of ordinary jobs as protections ripped away from local industries that could not compete with vast MNC's. End Result of this process was an 11% drop in GDP and tens of millions of manufacturing and other manual workers below the poverty line. Only beneficiaries-MNC's with new market.

THE WTO AND 'FREE TRADE'

- ▶ WTO seeks to ensure that trade is as 'free' as possible, breaking down tariff barriers and other non-tariff protections in international trade 'level playing field' for corporations.
- ▶ However, WTO 'Curiously reluctant to produce comprehensive studies of the overall impact of its policies on employment, wage growth or labour conditions' - Dillon
- ▶ Causes race to the bottom in terms of wage levels in developing countries, destroying previous secure jobs protected by governments or tariffs and thrusting these workers into environments where they cannot compete with gigantic Western corporations.
- ▶ Collapse in Coffee prices caused by WTO policy drove rural unemployment up 40% in Guatemala and forced 300,000 Mexican coffee farmers to migrate
- ▶ While 'Overall Wealth' has gone up in some countries, this has been heavily concentrated in the elite in developing countries, resembling something of a Global Bourgeois.

Neoliberalism, Inequality, and 'Fair Trade'

- ▶ 'Free Trade' tends to benefit the richest (in all countries), often widening the gap between the rich and poor. Overall 'economic growth' does not filter down to poorer people-in developing or developed countries.
- ▶ Global Economic Order historically heavily dominated by US and Multinational Corporations.
- ▶ Led again to the 'dehumanization' of blue-collar and poorer labourers who are seen as units of production of 'economic growth' rather than taking care of welfare, job security, etc.

NAFTA, Neoliberalism and Femicides in Ciudad Juarez

- ▶ NAFTA (North American Free Trade Association) a 'Cornerstone' of Global Neoliberal Order. Premised in Three Key Neoliberal Tenets dictated by the US, the Dominant Partner.
- ▶ No Tarriffs or External Protections for Industry
- ▶ 'Most Favoured Nation' Principle means no two countries can be treated differently and Government contracts must be offered to all three countries equally.
- ▶ Patents must apply universally all three countries.
- ▶ OVERALL PURPOSE: TO ALLOW CORPORATIONS MAXIMAL ACCESS TO EACH OTHERS MARKETS.

MAQUILADORAS AND FEMICIDES.

- ▶ 'Ejido' System of communal land ownership not 'compatible' with NAFTA agreement, meaning many lost farms and homes
- ▶ NAFTA offered 'Maquiladoras'- Huge, foreign owned factories that sold the products back to the host countries as a profit, as alternative employment in tariff free zones, Employing Mass Labour of mainly female workers.
- ▶ Mainly female workers exploited, sexually abused, and made to work inhumane conditions that would not be acceptable on the other side of the border for profit. Allows corporations to ignore Labour rights in search of profit

NEOLIBERALISM AND FEMICIDES

- ▶ These workers often have deeply unsafe journeys to reach the Maquiladoras, and are routinely raped, murdered, and tortured by violent misogynists while travelling at night in dangerous parts of Ciudad Juarez.
- ▶ These deaths are overlooked by both the huge multinational corporations, local authorities, and politicians.
- ▶ In the neoliberal world, these women's lives and livelihoods are expendable and meaningless in the search for bigger profits and cheaper produce.
- ▶ Beneficiaries wealthy, white people on the other side of the border. The women are sacrificed for cheaper prices for American consumers and bigger profits for multinationals.

WHAT DO 'WE' OWE 'THEM'?

Discussion questions

- ▶ Do we have an equal moral obligation to those from other countries as we do to our own citizens. If not, why not?
- ▶ If we consume products created in conditions that we would not accept for our own citizens, to what extent are 'we' responsible for the exploitation that occurs under a neoliberal system? (Can also relate this to the consumption of meat).