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U.S. Neoliberal Policies
Marketisation and Domestic Economic Violence

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Neoliberal globalisation is a systemic phenomenon expressing the dynamics of the market economy for liberalised "free" markets, privatisation, and diminishing state power over economic decisions. Those who dedicate serious effort to the study of the market economy have long understood therefore that although neoliberalism is not just a policy or a kind of capitalist plot, the proponents of neoliberal economic policies are well aware of the fact that liberalised, open and "free" markets and privatisation result in a more thorough concentration of economic and political power. From the neoliberal perspective the expanded role of the state of statist modernity is incompatible with the present internationalized market economy and therefore must be controlled in order to accommodate privatisation and expansion of markets. Nothing exemplifies this better than the recent vague proposals from the Bush administration to privatise Social Security (S.S.), as well as the lesser publicized bill the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, and a recent "Trojan Horse" bill introduced in the U.S. Senate to raise the minimum wage.

Exchanging Social For Market Security

Aggressively pursuing his war against the American people President George W. Bush has launched a massive propaganda campaign, including a nation-wide speaking tour deceivingly hailed as "Town Hall Meetings" – (he only addresses supporters in public) - to produce a consensus for his proposed "reform" of Social Security, the most successful social program created by statist modernity, he has carefully avoided putting forward any specific proposals. Reminiscent of the scare tactics used to manufacture domestic support for the invasion and subsequent occupation of Iraq in 2003, his speeches have focused on painting a fearful picture of the future solvency of S.S., asserting that it is in crisis, broken and facing bankruptcy by 2042. He lied about Iraq and he's lying about S.S.

Just as recent revelations, reported by mainstream news organizations everywhere except in the U.S., describe how the Bush administration began conversations on what to do with Iraq's oil long before September 11, 2001, we already know the real agenda behind this push to "reform" S.S. Again, while Bush has been careful not to put forward any specific proposals, he has provided some insights into the neoliberal agenda of privatisation as the direction of such "reforms" must take. Bush's priority is to change S.S. from a government program that uses tax money to pay guaranteed benefits to retirees, disabled workers and children and other survivor benefits into one that allows workers to put part of their taxes into individual private investment ('ownership") accounts controlled by Wall Street. In other words the privatisation of S.S. amounts to the elimination of state economic sovereignty by transferring the account to Wall Street.

If Bush's market scheme to privatise S.S. is carried out, it will be the biggest swindle in history, far surpassing the Savings and Loan scandals of the 1980s, when Ronald Reagan's bank deregulation cost Americans some $400 billion.. Indeed, the Bush scam will transfer over $2 trillion to Wall Street to create the accounts and another $1 trillion to the firms managing the accounts (what a great way to shore up a falling Wall). Of course, while these private investment accounts offer a guaranteed flow of investment to Wall Street firms and their corporate beneficiaries, those whose monies are deposited in those accounts are not guaranteed any concrete rate of return. Remember, the state's role in neoliberal modernity, is to minimize —if not eliminate— all social controls that have historically been imposed on markets in order to protect labour and society from them, i.e. to 'marketise' everything, even society itself.

In spite of his sales pitch that S.S. is busted and the American people should trust him to fix it, Bush's proposal, if enacted, would only further enrich the private sector at the expense of the public shrinking public space even more and leaving the value of pensions, disablement benefits etc at the mercy of the market forces. In truth, S.S. is as healthy as it has ever been, and Bush's scam will increase the pain and suffering stemming from other neoliberal and, more recently, neoconservative policies. If established, the private accounts will be subject to a "privatisation tax" that according to the Economic Policy Institute will take back 70% or more of the account once a person retires. Monthly guaranteed benefits will be slashed by more than 40% of current benefits. Women will be particularly hurt, since women earn considerably less over their lifetime than men. Also, Bush's pronouncement that S.S. is a bad idea for African-Americans – because their life expectancy is shorter than whites – is intentionally deceiving and racist. The reason African-Americans have a shorter life span is because of the poor health coverage they receive. It is no accident that the African-American infant mortality rate is almost double the "white" population.

Finally, estimates place the additional burden it would add to the mounting national debt at $3 trillion. This, along with the tax cuts for the wealthy Bush wants to make permanent and his irresponsible budget deficits, threatens to enact the most aggressive neoliberal approach possible for minimizing the constraints placed on the market economy by statist modernity: you simply bankrupt the regulatory welfare state out of existence.

Bankruptcy Protection for Whom?

While the proposed privatisation of Social Security gives us important insights into how the neoliberal agenda utilizes the state apparatus to help diminish the state's role in decisions effecting economic resources, the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 deepens those insights while demonstrating the economic violence of the state in meeting marketisation demands.

This proposed legislation, which passed the Senate in early March and will be voted on by the House sometime in April, appeared as the result of intense lobbying from the credit card industry (banks and other lending institutions), particularly MBNA (the largest single contributor to the Republican Party). If this bill becomes law, creditors can compel individuals to liquidate all assets, including their homes, vehicles, and other property in order to repay their debts should they declare bankruptcy under Chapter 7 or Chapter 13. Those chapters apply only to individuals. The new law does not apply to bankruptcies filed under Chapter 11. That Chapter deals exclusively with business bankruptcies and restructuring, allowing businesses to continue to operate (and make profit) while they reorganize themselves, giving them an opportunity to restructure their debts and remove themselves from burdensome leases and contracts.

While this proposed legislation will leave protections for corporations filing bankruptcy under Chapter 11 intact, it also leaves in place those protections offered to their executives. While a creditor can force a debtor corporation to liquidate employees' earnings, pensions and retirement savings in order to help pay off that corporation's debt, the U.S. Congress rejected an amendment to this bill that dared to place limits on what are known as Asset Protection Trusts (APTs).

APTs function the same as those "off-shore" accounts where extremely wealthy people have traditionally sheltered their monies from IRS officials and bankruptcy collection efforts. Now, however, there are five states (Alaska, Delaware, Nevada, Rhode Island and Utah) that allow individuals to set up domestic APTs, even if they do not reside in those states. Such accounts are restricted to the extremely rich due to their exceptionally high minimum balances. Moreover, while the state and corporations now work to subject average persons to the severest penalties should they fall upon hard times, the state accommodates corporations and their top officials to retain and expand their "right" to protection from the market or other forces that might drive them to bankruptcy.

While the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 was crafted and sponsored by Republicans, some Democrats also supported it, expressing the present neoliberal consensus. No wonder that efforts of other Democrats to soften its impact were doomed. For example, it was Senator Charles Schumer who wrote the amendment to place limits on bankruptcy exemptions for APTs. 100% of the Republicans in the Senate rejected that Amendment, as did a handful of Democrats. Other efforts included:

- An amendment that sought to protect the earnings and retirement savings of workers whose employer files for bankruptcy.
- An amendment to discourage predatory lending practices (offers of credit with limits of credit well beyond an individual's level of earned income).
- An amendment to protect debtors whose bankruptcy stemmed from a documented case of identity theft.
- An amendment to protect the existing bankruptcy protections for persons whose economic distress stems from their role as primary caregiver for ill or disabled family members.
- An amendment to protect the homes of persons whose debt stemmed from medical bills.
- An amendment to exempt those whose financial problems arose due to medical problems.
- An amendment to protect the homes of elderly people from liquidation in the event of financial crisis leading to bankruptcy.
- An amendment to offer certain protections to military service members and veterans.

100% of the Republicans in the Senate, with the help of a few Democrats, rejected every single one of those amendments. The state works hand in hand with the economically privileged. Everyone else must live with the unpredictable winds of the market.

Minimum Wage for (Some) Workers, Maximum Injustice for Others

Lest the losers should begin to feel too left out of the nation's economic recovery, which has largely been limited to "investors," Senator Rick Santorum (Republican – Pennsylvania) recently proposed a $1.10 per hour increase in the nation's minimum wage.

Though the bill failed to pass in the Senate, insights into its lesser known provisions enable us to recognize the all-too-familiar patterns of the marketisation of labour and minimisation of any social control on the functioning of the labour market. While Santorum and others trumpeted the bill for increasing the minimum wage, the Economic Policy Institute reports that only about 1.8 million workers would have benefited from that increase. Countless millions would have suffered severe economic and political setbacks.

First, Santorum's bill would have replaced the 40-hour work week with an 80-hour two-week work period. As the law currently stands, those who work 50 hours in one week and 30 the next receive 10 hours of time-and-a-half overtime pay. Under Santorum's amendment, they would have received no overtime pay. In other words, while disguising it as a bill to increase minimum wage, Santorum sought to make mandatory overtime cheaper for employers, encouraging them to overwork employees in busy periods and to cut their hours during slower periods. Such changes would have reduced workers' abilities to control their work hours and to balance work and family.

Second, Santorum's amendment would have also enabled employers, under state law, to pay no wages at all to tipped employees, as long as their tips from customers add up to the minimum wage. It also would have overridden the authority of any state or local minimum wage law or ordinance that required any part of tipped employees' wages to be paid in cash by the employer. Even states that had eliminated the tip credit entirely, and that required restaurant workers and other tipped employees to be paid the minimum wage by their employers, would have had their laws overridden by the Santorum amendment.

Finally, under Santorum's amendment, millions of employers would have been excused from paying fines for violations of federal safety and health, pension, and labour regulations. Even if they had violated those regulations knowingly and willingly, businesses with revenues under $7 million a year would have no longer been required to collect information to educate workers on issues pertaining to hazardous material warnings, training requirements, and information about pension and health benefit plans.

Conclusion

As dramatically revealed by these three cases of the Bush administration's plans, the United States is further enhancing the marketisation of the economy and the consequent concentration of economic and political power of the economic elite. Indeed, it is the corporate lobbyists who write the bills upon which Congress votes. The role of the Democratic Party is to soften the punches thrown by the fascist right. The Democratic Party as a whole is rudderless. The American labour movement is at its weakest, since the early part of the twentieth century. While it may be difficult to be optimistic about the future, because we are at the mercy of the market economy which does not bring self-determination, sovereignty or democracy, we need to face the realities of our present conditions. What the future holds will depend on what we do to change those conditions today. The need for a massive movement that will begin building new institutions of Inclusive democracy, which will replace the market economy and its political complement "representative" democracy, is imperative.