

Values, The Dominant Social Paradigm and Neoliberal Globalisation

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Sharon Beder's^[1] meticulous analysis of the corporate role in promoting the present neoliberal culture provides a well-documented case of the various means used to achieve this aim. However, as I will try to show in this paper, although Beder's paper is very useful in substantiating the direct—in place of the usual indirect—efforts of the economic elites to condition the formation of the dominant social paradigm, it does not avoid falling into the trap of adopting the main myth promoted today by the reformist Left. In other words, the myth—which sometimes takes the form of a full blown plot theory^[2]—according to which the advent of neoliberalism can be attributed “in large part”^[3] to a corporate assault on markets and democracy rather than to the dynamics of the system of market economy/ representative ‘democracy’ and its articulation with the social struggle, as suggested by the ID approach.

Thus, according to Beder's account, what we are witnessing at the beginning of the 21st Century is a “revolutionary shift from democracy to corporate rule” which represents a wholesale change in cultural values and aspirations. Furthermore, as she stresses, this eclipse of democratic values by corporate values, is not a natural evolution but the consequence of a deliberate strategy employed by corporate executives who have combined their financial and political resources, utilising all the major communication institutions of a modern society—including the media and education—to spread free market ideology with the aim to shape community beliefs, values and behaviour. As a result, “the market values of competition, salesmanship and deception have replaced the democratic ideals of truth and justice”. Furthermore, as Beder points out, the conflict between democratic values and corporate values is even more evident at a personal level, given that in the new global culture – where people are rewarded for their greed-- increasingly there is little room for the expression of higher human values and qualities such as generosity, compassion, selflessness, willingness to seek out and expose the truth, courage to fight for justice. Accordingly, through a propaganda onslaught, corporate elites have managed to revitalise free market ideology originating in 18th Century Europe and to shape the political agenda in a way that it is now largely confined to policies aimed at furthering business interests. The result, therefore, of the growth of corporate influence, the public-relations orchestrated spread of free market ideology and the proliferation of business networks and coalitions aimed at exerting political pressure was that, during the 20th Century, “democratic power was progressively eclipsed by corporate power ... (and), as a consequence, corporations now completely dominate the political process”.

However, one could propose an alternative historical account to this version of the rise of market values and particularly corporate values in the 20th Century seen as the result of a deliberate strategy of corporate elites. This alternative account, instead of emphasising the role played by the deliberate strategies of the economic elites in

promoting their ideology, aims to find out the objective and subjective factors which could explain, on the one hand, the systemic causes that led to the rise of market values in general and of the “corporal” (or neoliberal) values in particular and, on the other, the role of the social struggle with respect to this process respectively. To my mind, this is the only way to avoid explanations of the present rise of neoliberal globalisation which consider it as an exogenous or policy change rather than as an endogenous or systemic change, which can only be transcended from without rather than from within this system – as the ID approach suggests.

The market system and democracy

Once the system of market economy emerged some two hundred years ago, that is, the self-regulating system in which the fundamental economic problems – *what, how, and for whom* to produce – are mainly solved ‘automatically’, through the price mechanism, rather than through conscious social decisions, the separation of society from economy which characterises the entire period of modernity was established.^[4] Under neither tribal, feudal, nor mercantile conditions was there a separate economic system in society. Similarly, it was around the same time that representative ‘democracy’ emerged, when, in the last quarter of the 18th Century, the ‘Founding Fathers’ of the US Constitution, literally invented it. This was an idea without any historical precedent in the ancient world given that, up until that time, democracy had the classical Athenian meaning of the sovereignty of *demos*, in the sense of the direct exercise of power by all citizens – although, of course, the Athenian democracy was partial because of the narrow definition of citizenship which excluded women and allowed the existence of slaves. Representative ‘democracy’ has since functioned as the political complement of the system of market economy and institutionalised a formal separation of society from polity, as the necessary complement of the separation of society from economy established by the system of market economy.

Therefore, the crucial element that differentiates the market economy from all past economies (where markets were also self-regulating, since all markets tend to produce prices that equalise supply and demand) was the fact that, for the first time in human history, a self-regulating market system emerged – a system in which markets developed even for the means of production, that is, labour, land and money. The control of the economic system by the market, according to Polanyi, “means no less than the running of society as an adjunct to the market: instead of economy being embedded in social relations (as in the past), social relations are embedded in the economic system”.^[5] Competition, which was the motor force of the new system, ensured that the grow-or-die principle characterised its dynamics. These same dynamics imply that the market economy, once installed, will inevitably end up as an internationalised market economy – unless, of course, the social struggle stops this process and replaces the system of market economy with a socially controlled economy.

It was the institutionalisation of this new system of economic organisation that set in motion the marketisation process, i.e. the historical process that has transformed the socially controlled markets of the past into the ‘market economy’ of the present. This is therefore a process predominantly characterised by the attempt of the elites controlling the market economy to minimise effective social controls over markets for the protection of labour and the environment, so that efficiency (defined in narrow techno-economic terms) and consequently profits could be maximised. This process, inevitably, led to the main form of social struggle characterising the entire period of modernity, i.e. the struggle between, on the one hand, those controlling the market economy (the

economic elites which own and/or control the production and distribution process) and their supporters, and, on the other, the rest of society. At the theoretical and political level, this conflict was expressed by the struggle between political and economic liberalism and “socialism” (defined in a broad sense to include also parts of the libertarian and democratic tradition) respectively, which constituted the central element of Western history since the Industrial Revolution. *Economic liberalism* was the ideology which had as its main aim the justification of the project for a self-regulating market, as effected by laissez-faire policies, free trade and regulatory controls. *Political liberalism* was the ideology which had as its main aim the justification of the project for a liberal conception of democracy, which is founded on a negative conception of freedom (“freedom from” state restrictions) and a corresponding conception of human rights—a project implying a conception of democracy where the state is separate from society, with representative ‘democracy’ aimed at bridging the gap between the two. On the other hand, socialist and libertarian traditions were founded on a positive conception of freedom (“freedom to”) in the sense of direct self-determination and individual and collective autonomy. As such, economic and political liberalism expressed the interests of the economic and political elites controlling the market economy and the political process respectively (professional politicians and the like), whereas “socialism”, which expressed the socialist and libertarian traditions, reflected the aspirations of those at the other end of the social pyramid and particularly the working class and all those in a subordinate position in the social hierarchy.^[6]

According to the ID approach, the historical development in modernity could be explained in terms of the interaction between, on the one hand, the “*systemic tendencies*”, which, founded on the dynamics of the market economy for continuous expansion and minimisation of social controls on the markets, were backed by the economic and political elites, and, on the other, the “*anti-systemic counter-tendencies*”, which, founded on the struggle of the working class movement and the rest of society, aimed at the protection of society from the market system^[7]. In this approach, it would be as wrong to overemphasise—as Marxists do—the role of ‘objective’ factors (the systemic tendencies) in the history of the market economy at the expense of the ‘subjective’ factors (the anti-systemic counter-tendencies), as it would be to do the opposite and overemphasise the role of the ‘subjective’ factors (in the form, for instance, of ‘social imaginaries’, as Castoriadis^[8] and his supporters do) at the expense of the objective ones. The interaction between systemic tendencies and antisystemic counter-tendencies, which according to the ID approach condition historical development in the era of modernity, inevitably leads to indeterminate outcomes, which as a rule, are also unpredictable. On the basis of this interaction between ‘objective’ and ‘subjective’ factors we may periodize as follows the era of modernity:

- Liberal modernity: this period barely lasted half a century between the 1830s and the 1880s. During this period, the grow-or-die dynamic of the market economy led to a growing internationalisation of the market economy, which was accompanied by the first systematic attempt of the economic elites to establish a purely liberal internationalised market economy in the sense of free trade, a ‘flexible’ labour market and a fixed exchange rates system (Gold Standard). However, this first attempt failed and liberal modernity collapsed as it did not meet the necessary condition for a self-regulating market economy, namely, the universalisation of open and flexible markets for commodities and capital—something that clearly was not possible in a period in which big colonial powers like England and France were still exercising almost monopolistic control over significant parts of the globe, at the expense of rising non-colonial powers (like the USA), or smaller colonial

powers (like Germany). However, the rise of liberal modernity led to the emergence of a strong socialist movement and a conflict between liberalism and socialism, which, after a transitional period of protectionism, led to the statist form of modernity.

- Statist modernity: this period lasted overall for about three quarters of a century, between 1917 and (circa) 1990. The developments which played a decisive role in the emergence of statist modernity were the considerable strengthening of the socialist movement as a result of the significant expansion of the working class in the early 20th Century, the Soviet Revolution of 1917, and the parallel weakening of the capitalist elites in the aftermath of the Great Depression and two world wars. Statist modernity began with the establishment of an extreme form of statism in the East (socialist statism in the form of central planning under Soviet socialism) following the 1917 Revolution, and continued later with a milder form of statism in the West (social democracy). In fact, a precursor of the Western form of statism (in the form of state interventionism to control the level of national income and employment) emerged in inter-war Nazi Germany^[9], but it reached its peak in the period following the Second World War when Keynesian policies and continually expanding welfare states were adopted by governing parties of all persuasions in the era of the social-democratic consensus. However, both forms of statist modernity collapsed: the Western form of statist modernity in the late 1970s and the Eastern form of statist modernity a decade or so later, when the institutional arrangements (particularly central planning and party democracy), which had been introduced in the countries of ‘actually existing socialism’ in accordance with Marxist-Leninist ideology, became a fetter to further growth. But, the collapse of ‘actually existing socialism’, led to the ‘catastrophe of marketisation’^[10] when the social movements against Communist Party bureaucracies were taken over by liberals (East Germany), Catholics (Poland) and the rising middle classes of technocrats and others (USSR and elsewhere) rather than by movements of a new radical Left aiming at a real socialist and democratic society –which never developed in the Eastern bloc.
- Neoliberal modernity: the emergence of this form of modernity, following the collapse of social democracy in the West, can be explained in terms of significant structural (or “systemic”) changes and their effects on the parameters of the social struggle. The structural changes were mainly economic and due to the growing openness of the commodity and capital markets, which followed the rapid expansion of the newly emerged Transnational Corporations (TNCs). At the same time, the internationalisation of the neoliberal market economy coincided with significant technological changes, which marked the shift of the market economy from the industrial to a post-industrial phase and resulted in a drastic change in the employment and consequently the class structure of advanced market economies. The combined effect of these developments was not only a drastic change in business requirements but also the weakening of the labour/socialist movement, as a result of the decimation of the working class following the information revolution, and also of the collapse of ‘actually existing socialism’ in the East. Therefore, the flourishing of neoliberalism had little to do with the propaganda campaigns of corporate elites as Beder claims—let alone any plots and deliberate strategies by them! — and everything to do with the rise of the neoliberal movement and the demise of the working class and the traditional Left. Thus, the neoliberal movement, after emerging first in academia (Chicago school, resurrection of Hayek and so on), acquired a significant appeal particularly among the Anglo-American political elites, as –in view of the aforementioned changes in the objective conditions— it fitted well with the new requirements of the economic

elites. At the same time, the demise of the working class movement and of the traditional Left led to a generalized apathy with what passes as politics today.

Neoliberal globalization and the role of the state today

Therefore, in the ID problematique, the emergence of the neoliberal internationalised market economy is mainly the outcome of the grow-or die dynamic process that characterises the system of market economy and not the result of conspiracies, or of the policies of evil neoliberal parties and/or degraded social-democratic parties, as reformists of the Left assert. As I attempted to show elsewhere^[11], this development represents, in fact, the completion of the marketisation process, which was merely interrupted by the rise and fall of statism in the 20th Century, when it became obvious that the kind of state intervention in the market that marked the statist period of marketisation was no longer compatible with the emerging new internationalisation. This monumental event implied, at the political level, the end of the social democratic consensus, which characterised the early post war period. Therefore, the present internationalisation of the market economy is not just the result of state action to liberalise financial and commodity markets. In fact, the states were simply following the de facto internationalisation of the market economy, which was intensified by the activities of TNCs, when, (in the late seventies), under pressure from the latter, started the process of liberalising the financial markets and further deregulating the commodity markets (through the GATT rounds). In other words, the present internationalisation of the market economy system is, in fact, the outcome of this system's dynamics, which is initiated by competition.

However, although the present process of neoliberal internationalisation of the market economy, following the failed attempt during liberal modernity, was accelerated and massively expanded with the spreading of TNCs since the 1960s, the foundations of it were set immediately after the Second World War. Thus, following the Bretton Woods conference in 1945, the International Monetary Fund and the World Bank were established, which in 1947 were followed by the establishment of the International Trade Organisation (later GATT-General Agreement on Tariffs and Trade) and a few years later (1951) by the European Coal and Steel Community, which evolved into the European Economic Community (EEC) and the present European Union (EU). It is true, as Beder points out, that the original aims of the international organizations in the "Triad" (IMF, WB and GATT) which constituted the World (capitalist) Order that was established mainly by the US elites and their allies (excluding of course the Soviet bloc, China, etc.), as well as those of the EEC, were not the same as the aims of these organizations or their successors today (World Trade Organisation and European Union). However, this is not surprising given that all these international institutions were established during the statist period of modernity when, as we saw above, the objectives of the economic elites and the means to achieve them were significantly differentiated from their present aims/means. No wonder, therefore, that these institutions promote today, in every way available to them, the neoliberal agenda of free market economics and the drastic restriction of the state's role in the economy, whereas in the immediate post-war period they were mainly promoting the statist (Keynesian) agenda of indicative or development planning, (direct or indirect) state control of national income and employment, and so on.

Yet, it is interesting to note that, even in the mid of the statist period of modernity, these

institutions were setting the foundations of neoliberal globalization. Thus, commodity markets were in a process of continuous opening throughout the post-war period, both at the planetary level (GATT rounds of tariff reductions so that corporations could easily move commodities among their subsidiaries) and the regional level (European Economic Community [EEC], European Free Trade Area [EFTA], later joined by North American Free Trade Agreement [NAFTA], Southern Cone Common Market [MERCOSUR], etc. Also, capital markets, which were in a process of informal opening throughout the 1970s, were formally opened in Britain and the USA at the end of this decade when capital and exchange controls were abolished, followed by the rest of the world in the 1980s and the 1990s as neoliberal globalization was flourishing. So, contrary to the myths of the reformist Left, the rise of Thatcherism in Britain and Reaganomics in USA, let alone the work of corporate think tanks, etc., were not the cause of neoliberal globalization. Thatcher and Reagan simply institutionalized the informal opening of capital markets (Eurodollar markets, etc.) and helped to expand further the ongoing process of opening the commodity markets, which was induced by the GATT rounds. Furthermore, once the opening of markets was institutionalised, the uninhibited flow of capital and commodities across frontiers required the parallel liberalisation of all markets, i.e. the minimisation of social controls that have been imposed in the past (particularly in the statist period), as a result of the struggle to protect human labour and society itself from the market. Therefore, although the labour markets were not opened (so that the exploitation of cheap local labour, particularly in the South, could continue) their liberalisation was necessary, for the advantages of opening the commodity and capital markets to be fully utilised. The neoliberal policies that followed (tax cuts benefiting the rich, drastic cuts in employers' insurance contributions, privatizations, dismantling of the welfare state, etc.) were simply the necessary outcome of the opening and deregulation of world markets, which brought about the levelling off of social controls for the protection of labour and the environment according to the principle of the least common denominator among competing nation-states: i.e. the principle according to which the minimization of social controls and wage levels is an important part of the comparative advantage in the cut-throat competition that developed in the internationalised market economy.

To put it schematically, the market economy, as internationalisation intensified, has moved from a "domestic market"-led growth economy to an "external market"-led one, i.e. a trade-led growth, in the framework of which the prevailing conditions on the production side of the economy (particularly those relating to the cost of production) become crucial. Squeezing the cost of production, both in terms of labour cost and in terms of employers' taxes and insurance contributions, becomes very important. But squeezing the cost of production necessitated a drastic reduction in statism, since statism was responsible for a significant rise in the cost of production during the period of the social-democratic consensus, both directly and indirectly: directly, because the expansion of the welfare state meant a growing burden on employers' contributions and taxes; indirectly, because, under the conditions of near-full employment which prevailed during the statist phase of the marketisation process, organised labour could press successfully for wage raises that significantly exceeded the increase in productivity.

The system that has been established in the last quarter of a century or so, already functions as a self-regulating market. The latest GATT round in the 1990s and the establishment of the World Trade Organisation have in effect created a huge 'free trade zone' which, together with the opening of capital markets, have led to a self-regulating system in which the interests of the elites who control it are satisfied to the full, almost 'automatically,' through the mere functioning of the market forces. Thus, free trade

among unequal partners is bound to lead to the domination of the more powerful partner (in terms of productivity, competitiveness, etc.) – which in the present case is the transnational corporations— a fact well known to the present advanced market economies, which went to great lengths to protect their own industries before they began preaching free trade. Free trade is the best means to destroy the self-reliance of local economies and effect their integration into the internationalised market economy. In fact the first attempt for an internationalisation of the market economy early in the 19th Century failed, exactly because the advanced market economies had not at the time as yet reached a similar level of ‘maturity’ in their economic development –an event that ultimately was the cause for two world wars and the Great Depression of the interwar period.

At the same time, the peripheral countries in the South were forced by the newly formed transnational elite of the North, through a ‘carrot and stick’ policy, to abandon any idea of planning development and, instead, opened their markets to foreign capital and commodities. The carrot was a series of ‘structural adjustment’ economic programs that those countries had to accept in order to be eligible for much needed loans and aid from the North. The stick was the US threat of sanctions against the exports of any country that continued to protect its local production (e.g. the 1988 US Trade Act). This way, not only the markets have been opened, but also any effective subsidisation of local production was abolished, creating a huge comparative advantage for the products of TNCs and squeezing the prices of primary products on which the livelihood of millions of people in the South depended. The inevitable result has been the huge concentration of income and wealth that characterises the present internationalisation.

Therefore, the neoliberal elimination of many of these restrictions has created the economic conditions for the marketisation process to be completed and for the present neoliberal form of internationalisation to be more successful than the earlier liberal attempt. At the same time, the breakdown of ‘actually existing socialism’ in the East and the collapse of social democracy in the West have created the political conditions for the completion of the marketisation process. So, the fact that neoliberal policies are supported today, with minor variations, by both centre-right and centre-left parties, in government or in opposition, and that the basic elements of neoliberalism have been incorporated into the strategies of the international institutions (IMF, World Bank, WTO, EU, NAFTA, etc.) through which the world economy is controlled, makes it plainly evident that the new consensus accurately reflects the radical structural changes brought about by the emergence of the internationalised market economy. It is therefore clear that the neoliberal liberalisation of the market economy and the associated internationalisation of it do not simply represent a change of policy brought about by some cultural decadence, but in fact, expresses a significant structural change (although not a break with the past) which marks the entry into a new form of modernity.

But, the creation of an internationalised market economy clearly necessitated some sort of international economic and political ‘regulation’. Therefore, if in the first phase of marketisation, when the market economy was basically national, the role of enforcing the market rules was assigned to the nation-state (through its monopoly of violence), in the present phase of an internationalised market economy, i.e. a transnational economy, this role should be assigned to a transnational elite. In fact, the existence of such an elite not only has already been theorised both from the Marxist and the ID viewpoints^[12], but also has been increasingly substantiated by the emerging evidence on the matter. This elite, which may be defined as the elite that draws its power (economic, political or generally social power) by operating at the transnational level, does not express, solely or even primarily, the interests of a particular nation-state. Its members, unlike the

national elites, see that the best way to secure their privileged position in society is not by ensuring the reproduction of any real or imagined nation-state but, instead, by securing the worldwide reproduction of the system of market economy and representative 'democracy'. This is because this new transnational elite sees its interests in terms of the international markets rather than the national markets. This elite consists of the transnational economic elites (TNC executives and their local affiliates), which play the dominant role within the ruling elite of the internationalised market economy, the transnational political elites, i.e. the globalising bureaucrats and politicians, who may be based either in major international organisations or in the state machines of the main market economies, and the transnational professional elites, whose members play a dominant role in the various international foundations, think tanks, research departments of major international universities, the mass media, etc.

It is therefore clear that the transnational elite does not establish any territorial centre of power, as it is a decentred apparatus of rule. This means that this elite is not based on one particular nation-state, not even the USA, although of course it does not hesitate to utilise the power of particular states to achieve its aims —even more so when this state happens to be today's leading military power. The role of this elite is therefore to expedite the globalisation process by facilitating the institutional arrangements required for its smooth functioning. It is not, therefore, surprising that it has become part of the State Department's job and, indirectly, of the US-controlled NATO, to push deregulation and the dismantling of all barriers to trade and finance both with individual governments and in international negotiations on economic matters (WTO).

So, although it is true that no formal arrangements have yet been set in place to institutionalise a political globalisation, it could be argued that an informal form of political globalisation has already been initiated by the 'transnational elite', a globalisation which is implemented at present through international economic institutions (e.g. WTO) and political/military ones (e.g. NATO). The cases I mentioned above, as regards the former, and the wars which were induced by the new transnational elite in the 1990s (i.e. the Gulf war^[13], the NATO war against Yugoslavia^[14] which was followed by the invasion of Afghanistan^[15] and finally the invasion of Iraq^[16] that led to its continuing occupation and the establishment of a new Western protectorate there —initially rejected by some members of the transnational elite for tactical reasons but now recognised by all its members— are obvious examples. It seems therefore that the transnational elite, for various reasons, relies at present on this informal system of political globalisation. Such reasons could include: the persistent importance of national identities, despite (or because) of the cultural homogenisation forced by globalisation; the need to keep the façade of a well functioning representative 'democracy' in which local elites are still supposed to take the important decisions; the need to provide local safety nets for the provision of minimal social services to the destitute; and last, but not least, the need to delegate to the nation-states a significant amount of the monopoly of violence, so that they could become capable of controlling the movement of labour in a way that would facilitate the free flow of capital and commodities.

The main aim of the transnational economic elite, which today controls the internationalised market economy, is the maximisation of the role of the market and the minimisation of any effective social controls over it for the protection of labour or the environment, so that maximum 'efficiency' (defined in narrow techno-economic terms) and profitability may be secured. This does not mean the abolition of all kind of social controls over markets since some of them, e.g. the regulatory controls, are needed for

the efficient functioning of the markets, while others (including those securing a minimal level of social protection and welfare provided by the various safety nets for the destitute) are needed to ensure the reproduction of the labour force with no risk of a resurgence of the social struggle. Of course, this has always been the aim of the national elites controlling the market economy of each nation-state in modernity, but in today's era of open markets this aim refers to the internationalised market economy rather than to each nation-state's market economy. Therefore, the immediate aim is to pull down the "regulatory barriers" impeding the free exchange of goods and services, initially between Europe and America, and then between this huge trading block and the rest of the world, which will be forced to accept the terms of trade of this block. The ultimate aim is the formation of a vast single deregulated market, controlled by TNCs, in which social controls over markets to protect labour or the environment will be minimised.

The relevant process has already begun. Thus, the complete liberalisation of the commodities markets within the EU block, combined with the liberalisation of labour and money markets, created a vast economic area where a fixed exchange rates system, similar to the Gold Standard system of the earlier internationalisation, has just began functioning. If we substitute the Euro for gold, Europe operates today under a contemporary Gold Standard system, which should have a much better chance than the earlier system, given that the basic factor that led to the collapse of the Gold Standard system has been eliminated, that is, the various restrictions on the markets for goods, labour and capital that represented not only the interests of the national economic elites but also society's self-protection mechanisms against its marketisation. Therefore, the neoliberal elimination of many of these restrictions created a historic opportunity for the marketisation process to be completed and for the present neoliberal form of internationalisation to be more successful than the earlier liberal attempt.

However, although the policies promoted by the transnational elite express its 'general interest', this does not mean that there are no significant divisions within it as regards the way to tackle the effects of globalisation with respect to the worsening economic and ecological crises. For instance, the transnational economic elite, realising the significance of the ecological crisis but at the same time not wishing to antagonise those parts of it which thrive in eco-destructive activities (e.g. the oil industry) attempts to find a compromise in terms of a strategy for a 'sustainable development' –like, for instance, the one promoted by Green politicians and organisations (Greenpeace, Friends of the Earth etc), which are directly or indirectly sponsored by TNCs. This is how one may explain the present "Green" roadmap promoted by the part of the transnational elite in the EU, which have not however, as yet, reached any conclusive agreement with their transatlantic partners—something that may still be achieved, following a possible victory of the Democratic party in the forthcoming presidential elections. Yet, the continuous existence of fierce divisions between and within political and economic elites does not preclude the existence of an overriding common aim, which unites the various elites constituting the transnational elite: to secure the uninterrupted flow of capital and commodities across frontiers and to eliminate any obstacles imposed to this flow by peripheral elites (e.g. 'rogue' states) on account of political, economic or military considerations.

In this problematique, what we face today is not a corporate attack against Democracy (Beder)—unless we assume that the liberal oligarchy that passed as democracy before the rise of corporate capitalism had anything to do with democracy itself— or against markets and democracy (Chomsky)^[17] —unless we assume away, as Chomsky does, the dynamics of the market system which, under conditions of private ownership of productive resources, inevitably leads to a system of market economy and eventually

corporate capitalism. Instead, what we face today is a corporate assault against social controls on markets, particularly those I called ***social controls in the narrow sense***, i.e. those aiming at the protection of humans and nature against the effects of marketisation. Such controls have been introduced as a result of social struggles undertaken by those who are adversely affected by the market economy's effects on them (social security legislation, welfare benefits, macro-economic controls to secure full employment, etc.). What is still debated within the economic elites is the fate of what I call ***social controls in the broad sense***, i.e. those primarily aiming at the protection of those controlling the market economy against foreign competition (tariffs, import controls, exchange controls –in the past–, and non tariff barriers, massive public subsidy for R&D, risk-protection [bailouts], administration of markets, etc. –at present). Thus, neoliberal economists, bankers, some politicians and others are against any kind of social controls over markets (in the narrow or broad sense above). On the other hand, the more pragmatic governments of the neoliberal consensus, from Reagan to Clinton and from Thatcher to Blair, under the pressure of the most vulnerable to competition sections of their own economic elites, have kept many social controls in the broad sense (non-tariff barriers, massive public subsidy for R&D etc.), and sometimes even expanded them.

The role of the state with respect to the market today is therefore very different from both that of the liberal phase, when it restricted itself mainly to the role of the night watchman, as well as that of the statist phase, when it played the role of the guardian angel of society over the markets. In the new synthesis, the state has to secure the stability of the market environment, the enhancement of the 'supply side' of the economy (so that competitiveness and 'efficiency' –i.e. profits– improve) and the survival and control of the marginalized part of the population. All this involves an obvious loss of economic sovereignty that is also reflected in the creation of huge economic blocks (e.g. EU, NAFTA), within the context of which the economic role of the individual nation-state is being progressively downgraded in favour of supra-national institutions. The crucial difference, therefore, between the present neoliberal form of modernity and the previous statist one is that, although states and parliaments still exist as before, the decisions about crucial economic policies initiated by the need to minimise social controls in the narrow sense do not originate anymore in national parliaments and states but at a transnational level, either at the continental level (EU, NAFTA, etc.) or the global level (WTO, IMF, WB), which are controlled by members of the transnational elite.

The state, since the collapse of the social-democratic consensus, has seen a drastic reduction in its economic role, as it is no longer involved in a process of directly intervening in the determination of income and employment through fiscal and monetary policies. However, even today, the state still plays an important role in securing, through its monopoly of violence, the stability of the market economy framework and in maintaining the infrastructure for the smooth functioning of it. It is within this role of maintaining the infrastructure that we may see the activities of the state in socialising risk and cost^[18] and in maintaining a safety net in place of the old welfare state. Furthermore, the state is called today to play a crucial role with respect to the supply-side of the economy and, in particular, to take measures to improve competitiveness and to train the working force to the requirements of the new technology, in supporting research and development and even in subsidising export industries wherever required. Therefore, the type of state intervention, which is compatible with the marketisation process, not only is not discouraged but, instead, is actively promoted by most of the professional politicians of the neoliberal consensus.

So, the political and economic elites of advanced capitalist countries in the North, which directly benefit from neoliberal globalization and are members of the transnational elite themselves, did not need any persuasion by think tanks and the like in order to adopt the neoliberal agenda, although they did use their arguments to justify their policies to the public. No wonder that it was only in countries with a strong statist tradition, like France or Germany, where there were strong pressures ‘from below’ to resist the neoliberal agenda, that any significant resistance attempts were made by political elites. However, such attempts were soon to be abandoned when the economic elites using, or threatening to use, their market power swiftly imposed the “market sense”, forcing, for instance, President Mitterrand of France to reverse his policies, or forcing Chancellor Schroeder of Germany to oust Oscar Lafontaine from his government.

At the same time, the transnational elite, through the various transnational institutions I mentioned above, and using a variety of direct or indirect controls (some of which are well documented in Beder’s article), has imposed the neoliberal agenda all over the world. Therefore, the national elites in the South have no option—at the threat of risking the value of their currency, a localised stock exchange crisis, the flight of capital, the refusal of international credit and so on—but to follow the fiscal and monetary policies prescribed by these institutions and the transnational elite. As a result, the economic policies followed by governments of all persuasions, calling themselves, liberal, conservative, social-democratic or even socialist, are basically the same with minor variations justifying the label of neoliberal vs. social-liberal and the like.

In other words, electorates all over the world are not offered anymore even the choices which gave the semblance of a democracy during the statist period: i.e. the choice between, on the one hand, political parties in favour of further expanding the economic role of the state in general and the welfare state in particular (labour and social-democratic parties) and, on the other, parties which, though also committed to the welfare state, still emphasised the role of free markets and private enterprise (conservative and liberal parties). But, as I attempted to show above, this development has very little to do with plots and propaganda campaigns by the corporate elites, as the reformist Left suggests, and everything to do with the systemic trends, brought about by the dynamics of the market system, which were clearly backed by the economic and political elites that mainly benefited from them. Particularly so, when these elite-backed trends did not meet any effective resistance from a decimated working class and a demoralised general public, as well as a reformist Left which simply attempted to accommodate itself within the New World Order established by these systemic changes. However, it should be made clear that even if there were a strong resistance against these trends, the present marketisation of the economy and society would simply have been delayed further but not stopped, as these trends simply represent the logical outcome of the dynamics of the system itself. This is why the reformist Left’s rhetoric today to return to some form of statism is both a-historical and utopian, and the only realistic way of transcending the present multidimensional crisis, which neoliberal globalisation has drastically deteriorated, is not from within the present system of market economy and representative ‘democracy’ but from without, through the creation of new political, economic and social structures that institutionalise the equal distribution of all forms of power among all citizens.

Culture, values the dominant social paradigm and corporatization

A useful concept in the interpretation of the role of values with respect to changes in

institutions is what we may call the *dominant social paradigm*, which could be defined as the beliefs, ideas and the corresponding values that are dominant in a particular form of society at a particular moment of its history. Unlike culture in general – which is a broader concept that includes such diverse elements as language, ideas, beliefs, customs, taboos, codes, institutions, tools, techniques, works of art, rituals, ceremonies and so on – the dominant social paradigm has to be consistent with the main social institutions, so that their reproduction could be secured. As I attempted to show elsewhere,^[19] culture, exactly because of its greater scope, may express values and ideas, which are not necessarily consistent with the dominant institutions. Usually, artists and writers have been given a significant degree of freedom to express views, sometimes highly critical of the institutions, although obviously this does not apply in the case of dictatorial or fundamentalist regimes. However, this is not the case with respect to the dominant social paradigm. No particular type of society can reproduce itself unless the dominant beliefs, ideas and values are consistent with the existing institutional framework. This has always been the case in History and will also be the case in the future.

But, whereas in an autonomous society, i.e. one in which political and economic power is equally distributed, the dominant social paradigm would be identical with that adopted by society as a whole and by definition coincides with what we may call society's imaginary, in heteronomous societies, which has been the norm in History, the dominant social paradigm expresses only the values and beliefs of the ruling elites, which have a vested interest in the reproduction of the existing institutions that secure also the reproduction of their own political, economic and social power. As a result, although a sort of socialisation process, (i.e. the process of inducting society's members into its values and norms through such institutions as family, school, mass media, church, work, etc.) is necessary in all types of societies, autonomous and heteronomous alike, it is only in autonomous societies that the socialisation process expresses society's imaginary, whereas in heteronomous societies it just expresses the imaginary of only one part of it, which benefits from the inequality in the distribution of power represented by the existing social and economic institutions. This is why the elites in heteronomous societies do not just rely on the socialisation process to reproduce their power but use also the political, economic and social power in their hands for the same purpose.

It is therefore clear that people are not completely free to create their world but are conditioned by History, tradition and culture. As the dominant economic institutions in a market economy are those of markets and private ownership of the means of production, as well as the corresponding hierarchical structures, the dominant social paradigm promoted by the mainstream mass media and other cultural institutions, (e.g. universities) has to consist of ideas, beliefs and values which are consistent with them. Thus, the kind of social 'sciences', which are taught at universities and the kind of articles, which fill academic journals, explicitly, or usually implicitly, take for granted the existing economic institutions. Therefore, their search for 'truth' in the analysis of major economic or social problems is crucially conditioned by this fundamental characteristic. In economics, in particular, the dominant theory/ideology, since the emergence of the market economy, has been economic liberalism, in its various versions: from the old classical and neo-classical schools up to the modern versions of it in the form of supply-side economics, new classical macro-economics, etc. But, from Adam Smith to Milton Friedman, the values adopted are the same: competition and individualism, which, supposedly, are the only values that could secure freedom. It is, therefore, no historical accident that, as Polanyi^[20] has persuasively shown, the establishment of the market economy implied sweeping aside traditional cultures and

values and replacing the values of solidarity, altruism, sharing and co-operation (which usually marked community life^[21]) with the values of individualism and competition as the dominant values. As Ray Canterbury stresses:^[22]

The capitalistic ethic leans toward the extreme of selfishness (fierce individualism) rather than toward altruism. There is little room for collective decision making in an ethic that argues that every individual should go his or her own way. As we have seen, the idea that capitalism protects ‘individual rights’ would have been rejected during the early middle Ages. ‘Individual rights’ were set in advance by the structure of feudalism, governed by the pull of tradition and the push of authority

In this context, it is not therefore Milton Friedman who supports values which are inconsistent with the market economy system but the reformists of the Left and various social democrats and Green economists, who, although like Friedman, also take for granted the market economy system, proceed to argue in favour of utopian economic institutions incorporating values which are inconsistent with this system. In practice, of course, whenever such ideas have been implemented, they invariably end up with institutions, which use these values as a cover to create the image of “capitalism with a human or environment-friendly face” (e.g. ‘stake holding’ capitalism, ‘social investment’, ‘fair trade’ and the like). It is therefore obvious that in the ideology that passes as the ‘science’ of economics, the values of individualism and competition are preferred over the values of collectivism and solidarity/co-operation, since freedom itself is identified with the former values as against the latter. But, it ‘happens’ also that the same values are the only ones, which could secure the production and reproduction of the market economy. No market economy can function properly unless at least those in control of it, (i.e., the economic elites) and as many of the rest as possible are motivated by individualism and competition. This is because the dynamic of a market economy crucially depends on competition and individual greed. Furthermore, the fact that often the economic elites resort to state protection against foreign competition – if the latter threatens their own position— does not in the least negate the fact that competition is the fundamental organising principle of the market economy.

Yet, some in the Left dispute even this basic fact in their attempt to show that what we face today is a corporate attack against democracy and the markets rather than the normal functioning of the system itself and its dynamics. Chomsky^[23], for instance, argues that the values, which motivate today’s elites in advanced capitalist countries, are not individualism and competition. Instead, these elites simply use such values as propaganda in their attempt to ‘persuade’ their own public and the countries in the periphery and semi-periphery to implement them, whereas, they themselves demand and enjoy the protection of their own states. Chomsky then goes on to describe the corporatization process as one representing largely a reaction to great market failures of the late nineteenth century and a shift from something one might call proprietary capitalism to the administration of markets by collectivist legal entities—mergers, cartels, corporate alliances—in association with powerful states.

However, the shift from proprietary (or entrepreneurial) capitalism to the present internationalised market economy, where a few giant corporations control the world economy, did not happen, as Chomsky presents it, as the outcome of ‘a reaction to great market failures of the late nineteenth century.’ What Chomsky omits is that it was competition, which led from simple entrepreneurial firms to the present giant corporations. Clearly, the market failures he mentions are not a God-given calamity. Excepting the case of monopolies, almost all market failures in history have been

directly or indirectly related to competition. It is competition, which creates the need for expansion, so that the best (from the profit of view of profits) technologies and methods of organising production (economies of scale, etc.) are used. It is the same competition, which has led to the present explosion of mergers and take-overs in the advanced capitalist countries, as well as the various ‘strategic alliances’. In other words, the on-going process of mergers, take-overs, strategic alliances and the like that have swept over advanced capitalism during the era of neoliberal globalisation are simply the result of self-protective action taken by giant corporations, in order to survive the cut-throat competition launched by the present internationalisation of the market economy. Therefore, it is competition, which has led to the present corporate (or ‘alliance’) capitalism, not ‘market failures’ and/or the associated state activity, which just represent the effects of competition. And it is the same competition, the crucial fact neglected by Chomsky, which constitutes the motor of the grow-or-die dynamics that characterises the market economy that led to the present neoliberal globalisation—not corporate plots and propaganda, as the reformist Left suggests.

So, it is the fact that the very internationalisation of the market economy was fundamentally incompatible with the degree of state control of the economy achieved by the mid-seventies, that made necessary the present neoliberal consensus,^[24] which is not, therefore, just a policy change, as the reformist Left suggests, but represents an important structural change. However, one should not confuse liberalism/neoliberalism with laissez-faire. As I tried to show elsewhere,^[25] it was the state itself that created the system of self-regulating markets. Furthermore, some form of state intervention has always been necessary for the smooth functioning of the market economy system. But, it is one thing to refer to the supportive role of the state in maintaining the stability of the market system, as advocated by liberals and neoliberals, and quite another to refer to the state interventionism of the social democratic consensus, which was very much the exception to the rule, imposed by specific historical conditions, and reversed as soon as it was possible and the new conditions of internationalisation of the market economy made necessary.

Although, therefore, it is true that the economic elites do not like the kind of competition which, as a result of the uneven development of the world market economy, threatens their own interests and that they have always attempted (and mostly succeeded) to protect themselves against it, it is equally true that it was the force of competition, which has always fuelled the expansion of the market economy, and that it was the values of competition and self-interest, which have always characterised the value system of the elites that control the market economy. Chomsky, however, sometimes gives the impression that, barring some ‘accidents’ like the market failures he mentions, as well as the aggressive state support that economic elites have always enjoyed, the ‘corporatization’ of the market economy might have been avoided. But, of course, neither proprietary capitalism (or any other type of it) is desirable –since it cannot secure covering the basic needs of all people– nor can we deny all radical analysis of the past hundred and fifty years or so, beginning with Karl Marx and all historical experience since then, which leads to one conclusion: the market economy is geared by a grow-or-die dynamic fuelled by competition, which is bound to lead to further and further concentration of economic power. Therefore, the problem is not the corporatization of the market economy, which, supposedly, represents ‘an attack on markets and democracy’^[26] –a process, which was unavoidable anyway within the dynamic of the market economy– as if some other kind of market economy/capitalism was feasible or desirable. The problem is the system of the capitalist market economy itself, otherwise, we may end up, as the reformist Left seems to be doing at the moment,

blaming the elites for violating the rules of the game, rather than blaming the rotten game itself!

The rise of neoliberal culture in the USA and other English speaking countries

Within the above problematique one could, therefore, explain the emergence of neoliberal culture first in the USA and UK and then to other English speaking countries before spreading all over the world. The fact that market values begun systematically been promoted by the economic elites in USA during the interwar period and then, with much more intensity, in the immediate post war period is not at all surprising, as this was just the kind of backlash one could expect in America, the bastion of free market economy, against any attempt –like the one represented by Roosevelt’s New Deal during the Great Depression –for the development of similar trends to the European statist trends in the USA: that is, the Soviet trend but also the national socialist trends before the war, and the social-democratic ones after the war. This ideological war fitted particularly well with the Cold War campaign developed in the post war period. One could also argue that perhaps the most pernicious and long-lasting effect in the USA was not so much the spreading of the neoliberal ideology among the general public, but its indirect influence on parts of the American Left (apart from the Marxist Left). Today, this neoliberal ideology, mixed with libertarian ideology, has created a curious liberal libertarianism that is particularly influential among postmodernist ‘anarchist’ movements in this country^[27].

But, one question, which also has to be answered, is why this huge campaign was so successful particularly in the USA and not in other capitalist countries where similar campaigns –although smaller in scale–had also taken place since then. Although a proper answer to this question is obviously beyond the scope of this article, I think that to answer this question we have to refer to the US culture and specifically the American Dream ideology, i.e. the ideology according to which one's prosperity depends upon one's own abilities and hard work rather than on the way society is organised. This ideology, which implicitly takes for granted the liberal definition of freedom I mentioned above and rules out any discussion of the status quo –a particularly convenient arrangement for the economic elites! – has found a particularly fertile soil to be cultivated in a country of immigrants, that is, people who moved from all over the world during the modernity era, mainly to create a better economic prospect for themselves than in their home countries. It is the same culture and the corresponding mentality, which has always marginalised the radical socialist left in the USA, as indicated by the historical absence of mass socialist and social-democratic parties in this country similar to the European ones. And it is, again, the same culture, which could also explain why it was relatively easy for the elites to smash any radical movement and trade union movement that emerged there.

Similar conclusions can be drawn about Britain. It was not of course the US-led corporate campaign that led to the rise of neoliberal culture in this country, but the decline of statism which, in combination with the rise of neoliberal globalisation and the de-industrialisation following the information revolution and the transfer of large parts of manufacturing to exotic (and cheap!) capitalist paradises like China and India, on the one hand decimated the working class, and on the other restored liberal values in all their glory. The assistance provided to this process by social-liberals within the Labour party and the reformist Left was crucial. But, again as in the USA, one may assume in this context that the liberal individualistic values have always been very important in

Britain, despite the inevitable development of collectivist values among the working class since the Industrial Revolution. Yet, it was the Great Depression, in combination with the Soviet Revolution, which led to the rise of a mass labour movement and the flourishing of socialist values in general in this country. However, it now seems that even when in the post war period the Labour party came to power, individualistic values were still very strong among all classes, although of course not among a major part of the manual working class which, in alliance with part of the middle class, brought to power a radical version of the Labour party that introduced the major post war social-democratic changes in Britain.

To my mind, only if we make similar assumptions to the above we can adequately explain the easiness with which the neoliberal ideology has become dominant since the rise of Thatcher and has been hegemonic since then, under successive conservative and Labour governments (Blair and Brown). It is obvious that the crisis of statism has turned the middle class and part of the working class (the rest was either decimated by neoliberal globalisation or crashed by Thatcherism and Blairism) into neoliberalism and social-liberalism. From then on, the ‘facts on the ground’ created by the rise of neoliberalism and social-liberalism have of course created their own self-feeding mechanism. It was not, for instance, the massive promotion of neoliberal values and culture that persuaded students to abandon the radical views that the previous generation of students had developed at the end of the 1960s and the 1970s, but rather the fact, first, that most newly appointed academics, particularly in social sciences departments, are neoliberals or social-liberals, second, the massive insecurity felt by students as a result of the essential abolition of full employment and the consequent difficulty they have in finding and keeping a job in the white collar sector part of the economy, and, finally, the insecurity felt as a result of the replacement of student grants by loans—a fact which implies that students, by the time they get whatever jobs are available in the market and attempt to begin a career, are already overdebted!

Conclusion

The problem today is not simply countering corporate power. Corporate power represents only the outcome of the market system’s dynamics, when the countervailing powers are not strong enough to reverse, or even control, this dynamics, as it happened after the Soviet Revolution and during the flourishing of social democracy respectively. However, whereas in the past it was possible to control the marketisation process, even from within the system, this is not possible anymore. This is because the system is not nationally based anymore but it is globalised. This means that only if a world society were to effectively control the present world economy could such a process to control marketisation begin again. However, while a world society is presently non-existent and the chances of its developing in the foreseeable future in any meaningful sense and in such a way as to control the world economy effectively are nil, the world economy itself is very much alive and kicking. Thus, whereas in the past it was possible for those suffering from the marketisation process to turn to the state in order to control this process, (since there was a national society capable of matching and—if it so wished —controlling the national economy), today there is no world government that could do something similar and, in fact, the only world government around is the transnational elite! Furthermore, given the extreme unevenness of the transnational economy, there is no possibility that such an effective world government would ever develop within the internationalised market economy, or even that one section of the world economy would emerge capable of turning its society against TNCs and the transnational elite —unless it controls a vast part of economic resources so that it is effectively self-reliant,

and TNCs have not already taken over its economy. So, in the foreseeable future, the transnational elite should be expected to be able to continue turning peoples against one another, with the poorest in the South being ready to work on starvation wages and thus take over jobs from the poor in the North.

The inevitable conclusion is that only the struggle for the building of a massive movement aiming at the creation of a new institutional framework of equal distribution of power, and the parallel development of the corresponding culture and social paradigm,^[28] might have any chance to lead to the emergence of a new world society, which would reintegrate the economy and polity as well as Nature with society, and transcend the present huge and continually deteriorating multi-dimensional crisis.-

[1] Sharon Beder, “The Corporate Assault on Democracy” (in this issue)

[2] see Takis Fotopoulos, “Globalisation, the reformist Left and the Anti-Globalisation ‘Movement’”, *Democracy & Nature*, Vol. 7, No. 2 (July 2001).

[3] According to Beder, “Think tanks and policy groups played a major role in disseminating and popularising neoliberal ideas and ideologies... The rise of Thatcherism in Britain and Reaganism in the US can be attributed in large part to the endeavours of these think tanks”

[4] see Takis Fotopoulos, *The Multidimensional Crisis and Inclusive Democracy*, (*The International Journal of Inclusive Democracy*, special issue August 2005), ch. 1

[5] Polanyi, *The Great Transformation, the Political and Economic Origins of Our Time* (Boston: Beacon Press, 1944/1957), p. 57.

[6] See Takis Fotopoulos, “Class Divisions Today: The Inclusive Democracy approach”, *Democracy & Nature*, Vol. 6, No. 2 (July 2000).

[7] see Takis Fotopoulos, *The Multidimensional Crisis and Inclusive Democracy*, ch. 2

[8] see C. Castoriadis, *The Imaginary Institution of Society* (Cambridge, UK:1997)

[9] see Michael F. Bleaney, “The Rise and Fall of Keynesian Economics” (London: Macmillan, 1985)

[10] see Takis Fotopoulos, “The Catastrophe of Marketization,” *Democracy & Nature*, Vol. 5, No. 2 (July 1999).

[11] see Takis Fotopoulos, “Globalisation, the reformist Left and the Anti-Globalisation ‘Movement’”

[12] *ibid.*

[13] Takis Fotopoulos, “Iraq: the new criminal "war" of the transnational elite”, *Democracy & Nature*, Vol. 9, No. 2 (July 2003).

[14] Takis Fotopoulos, “The First War of the Internationalised Market Economy”, *Democracy & Nature*, Vol. 5, No. 2 (July 1999).

[15] Takis Fotopoulos, “The global 'war' of the transnational elite”, *Democracy & Nature*, Vol. 8, No. 2 (July 2002).

[16] Takis Fotopoulos, “Iraq: the new criminal "war" of the transnational elite”, *Democracy & Nature*, Vol. 9, No. 2 (July 2003).

[17] see Noam Chomsky, ‘Market Democracy in a Neoliberal Order: Doctrines and Reality’, *Z Magazine* (September & November 1997).

[18] see e.g. the present credit crisis and the ways in which the elites attempt to socialize the risk by transferring the cost of the crisis to its innocent victims, John Sargis & Takis Fotopoulos, “The credit crisis and the New World Order of capitalist “anarchy”” (in this issue).

- [19] Takis Fotopoulos, “Mass media, Culture, and Democracy”, *Democracy & Nature*, Vol. 5, No. 1 (March 1999).
- [20] Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 1957), chs. 14-15.
- [21] See, for instance, Michael Taylor, *Community, Anarchy and Liberty*, (Cambridge: Cambridge University Press, 1982), pp. 28-33.
- [22] E. Ray Canterbery, *The Making of Economics*, (Belmont, CA: Wadsworth, 1976), p. 52.
- [23] Noam Chomsky, ‘Power in the Global Arena’, *New Left Review*, no. 230 (July-August 1998), pp 3-27.
- [24] Takis Fotopoulos, *Towards An Inclusive Democracy*, Ch. 1.
- [25] Takis Fotopoulos, *Towards An Inclusive Democracy*, Ch. 1.
- [26] Noam Chomsky, ‘Domestic Constituencies’, *Z Magazine* (May 1998).
- [27] Takis Fotopoulos, “The End of Traditional Antisystemic Movements and the Need for A New Type of Antisystemic Movement Today”, *Democracy & Nature*, Vol. 7, No. 3 (November 2001).
- [28] see “How an Inclusive Democracy? The transitional strategy of the Inclusive Democracy project”.