

Hegemonic Neoliberalism: its character and costs

SDPCW-4, seminar notes by Dr. Tim Anderson

Overview

1. The Neo-Liberal World
2. Anglo-American liberalism
3. Economic liberalism
4. Hegemonic Neoliberalism
5. Neo-Marxist theories of imperialism

Q: Explain the main differences between Neo-Marxist theories of imperialism and the neo-realist Hegemonic Stability Theory (HST)

Overview:

The Neo-Liberal World - 1970s onwards, selective revival of economic liberal ideas in support of corporate privilege and aggressive expansionism, linked to American 'hegemonic stability' ideas.

Liberal idealism - a syncretic western populist tradition, borrowing some elements from other traditions (tolerance, pluralism, social justice, universal rights) and with several variants, but supporting elite liberties and property rights.

Anglo-American liberalism - a historical project 17th-20th centuries, used to expand slavery, colonialism and corporate rule (Domenico Losurdo).

Economic liberalism - from the 1870s onwards, served to mask the rise of corporate monopolies and imperial expansion with ideas of 'free markets', 'consumer sovereignty', etc (Antonio Gramsci; Karl Polanyi; Alfred Marshall).

Hegemonic neoliberalism - Aggressive phase during decline of the US economy which has reduced the liberal and increased the mercantile content of the project (David Harvey; Radhika Desai; John Bellamy Foster; Ellen Meskins Wood, Niall Ferguson)

Neo-Marxist theories of imperialism - to what extent do they explain Hegemonic Neo-Liberalism?

1. The Neo-Liberal World

1970s onwards - a revival of (selective) economic liberal ideas in western countries - after a period of Neo-Keynesian 'fiscal management' - in attempts to resuscitate accumulation in a period of stagflation (unemployment and inflation). The previously social democratic idea of 'reform' idea was co-opted to mean greater corporate privilege.

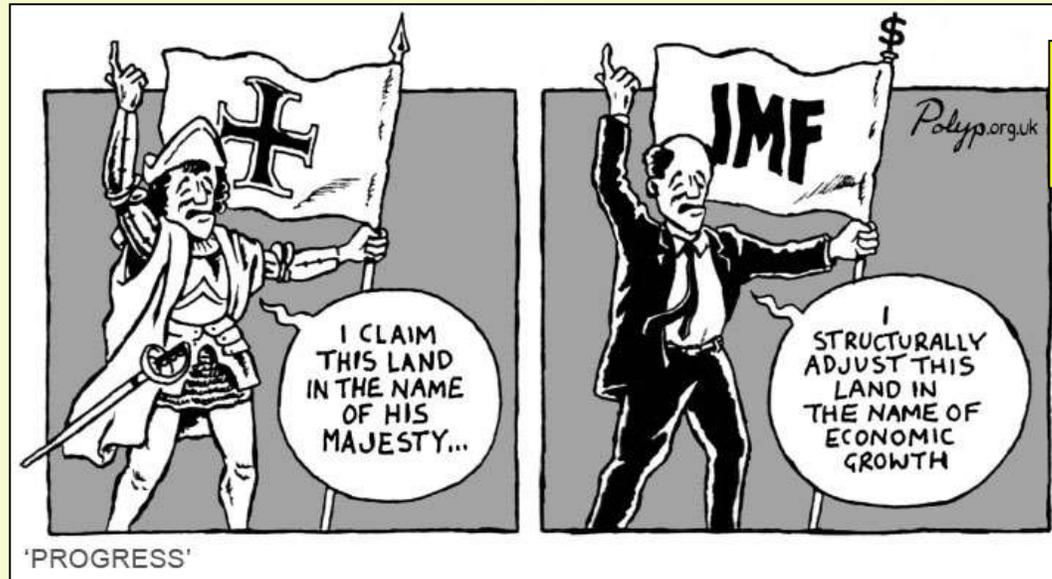
Expansion and debt crisis, 1980s - removing the social regulation on banks (deregulation) leads to a sharp rise in interest rates and a consequent 'debt crisis' amongst those former colonies with large sovereign borrowings.

Structural adjustment, 1980s and 1990s - the IMF and the World Bank use this debt crisis to enforce 'Washington Consensus' policies (removing regulation on MNCs, privatisation of social assets, 'user pays' regimes) on vulnerable nations

Ideological hegemony - this selective 'liberalism' is made a 'natural' or invisible ideology, adopted by middle classes and comprador regimes, a 'globalism'.

Video - Neoliberalism (36")

from Three Minute Theory (2015) online: <https://www.youtube.com/watch?v=dzLv3rfnOVw>



Structural Adjustment Programs as neo-colonialism



In 1999, **Prof Fantu Cheru** said the major problem arising from neoliberal policies of '**structural adjustment**' in the 1980s and 1990s had been a weakening of the role of **the state**: 'The most crucial impact of **globalization** ... has been on the role of the state in national development ... the state no longer primarily acts as a buffer against the world economy' (Cheru 1999, par 33). '**Washington Consensus**' policies, administered by the World Bank and the International Monetary Fund (IMF), had used **debt** to weaken the capacity of the state to control multi-national corporations. Cheru said that 'equitable economic growth' required a 'strong cooperation between both the state and civil society' (Cheru 1999, par 131). That pressure could only be resisted by a state with significant capacity and commitment to key human development goals.

In Anderson 2014: <https://www.tandfonline.com/doi/full/10.1080/21665095.2014.933080>

2. Anglo-American Liberalism

A syncretic ('cuckoo') philosophy -

Central values are individual property rights for an elite. Values such as universal rights, democracy, justice, tolerance and pluralism have been borrowed and grafted in from other traditions.

An essentially selective project

"Slavery in its most radical form triumphed in the golden age of liberalism and at the heart of the liberal world [Britain]"

Domenico Losurdo (2011) *Liberalism: a counter history*.

"Democracy is intrinsically universalist. In contrast, liberalism ... in essence, is selective in its intended beneficiaries ... Liberalism in practice is class specific"

Evan Jones (2020) 'The Underbelly of Liberalism', *JAPE* No 86

'Neoliberalism' of the late 20th century -

- selective use of economic liberal ideas in the interests of corporate monopolies
- 1970s revival of older economic liberal ideas to press for less state regulation of corporations, privatisation (or public private partnerships), reduction in state ownership and social spending [but not necessarily a smaller state]

David Harvey (2004) The 'New' Imperialism

"Global capitalism has experienced a chronic and enduring problem of **over-accumulation** since the 1970s ... the United States sought to preserve its **hegemonic** position ... the inability to accumulate through expanded reproduction on a sustained basis has been paralleled by a rise in attempts to **accumulate by dispossession** ... the hallmark of ... 'the new imperialism' " - <https://socialistregister.com/index.php/srv/issue/view/441>



But Anglo-American Liberalism had always been a class project at home and an expansionist project abroad, with high ideals disguising the elements of classical imperialism

Liberal Idealism	The Anglo-American Liberal Project
English Revolution (1640-60): John Locke (1690): "all men by nature are equal"	Overthrow monarch's monopoly on power and property. Result: Propertied classes consolidate power; English private slave trading becomes ten times greater than that of the state, across the 18thC
American Revolution: Thomas Jefferson [slave-owner] 1776 (Dec. of Indep.): "All men are created equal"	Property owners claim self-government from Britain. Result: ethnic cleansing of "merciless Indian savages" (Dec. of Indep.) extends across the continent, mass slavery is embedded in the new republic.
Comparative advantage: David Ricardo (1821): all can benefit from free trade	Factory owners compete with landed aristocracy. Result: imports cheap grain, lowering the price of bread & wages; no free trade in the colonies
Liberty: JS Mill (1856): "man has an individual liberty to live and think as he chooses"	Individual rights for propertied British men. Result: Mill says British empire is needed for global security, stability, free trade and culture of 'liberty'
Paris Peace Conference (1919): Woodrow Wilson: "national self-determination"	Ottoman, Russian and Austro-Hungarian empires dismantled. Result: Britain, France and the USA consolidate and expand their colonised territories. Ongoing colonisation in Asia, Middle East and Africa.
Bretton Woods Conference (1944): for "int'l monetary and financial cooperation"	World Bank (IBRD) and IMF created. Result: US dollar gains privileged position, massively enhances US foreign investment and purchasing power
World Trade Organization (1995): "rules based system" for free trade	Free trade coalition created. Result: Asymmetric group collapses early 21st C amidst claims that rigged rules' mainly benefit US and Europeans

Parallel to the late 17thC racialising of American slavery – British 'free trade' drives an expansion of the slavery

Free trade and the rise of slavery

UK Bill of Rights (1688) helped free trade, and enhanced slavery
free trade more efficient than monopoly (slaves per year)

- Royal African Company (1680 and 1686) 5,000
- Bristol (free trade port, 1698) 18,000
- British 'Company of Merchants' (Lo,Li,Br) (1771) 47,000

Counter-currents:

The Zong massacre (UK, 1781) - Short of water the Zong's captain threw 132 slaves overboard - the court case and state lawyers *only* argued about 'lost chattels or goods'

Q: Why did slavery expand with increased liberal rights?



replica of the Zong slave ship



David Ricardo on comparative advantage' and 'free trade':

- All countries can benefit from international trade by specializing in the production of goods for which they have a relatively lower opportunity cost in production.
- Campaign to abolish Britain's 'corn laws (import taxes on grain)



However, observe historical wheat production in Britain

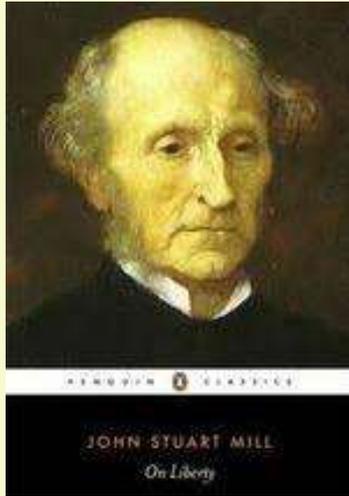
Two centuries after Ricardo's 'comparative advantage' ideas, which urged expanded trade and less protection for wheat/agriculture -

- Hectares of wheat (increase in the 20th C)
 - 1900: 706,012
 - 2000: 1,956,759
- Tonnes of wheat produced (% UK consumption)
 - 2000: 16.7 million (118%)
 - 2009: 14 million (109%)

Source: UKAgriculture 2012, online:

<http://www.ukagriculture.com/crops/wheat.cfm>

Post-war increase in production: 1940-80, the UK went from 30% to 80% self-sufficient in crops, Food Security UK 2012, online: <http://www.foodsecurity.ac.uk/issue/history.html>



John Stuart Mill in On Liberty (1859)

"The only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others." [Similar to French 'Declaration on the Rights of Man and of the Citizen']

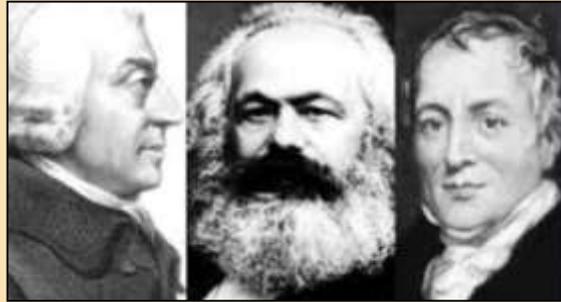
John Stuart Mill on colonisation

"Colonisation ... is the best affair of business in which the capital of an old and wealthy country can engage ... the same rules of international morality do not apply ... between civilised nations and barbarians ... any separation [from our colonies] would greatly diminish the prestige of England ... [which is] a great advantage to mankind".

3. Economic Liberalism, 1870s onwards

After the 'dangerous ideas' of David Ricardo and Karl Marx (labour theory of value, class and distribution) and critiques of 'robber barons' and the joint stock company:

Adam Smith, Karl Marx and David Ricardo:
The 'classical' school

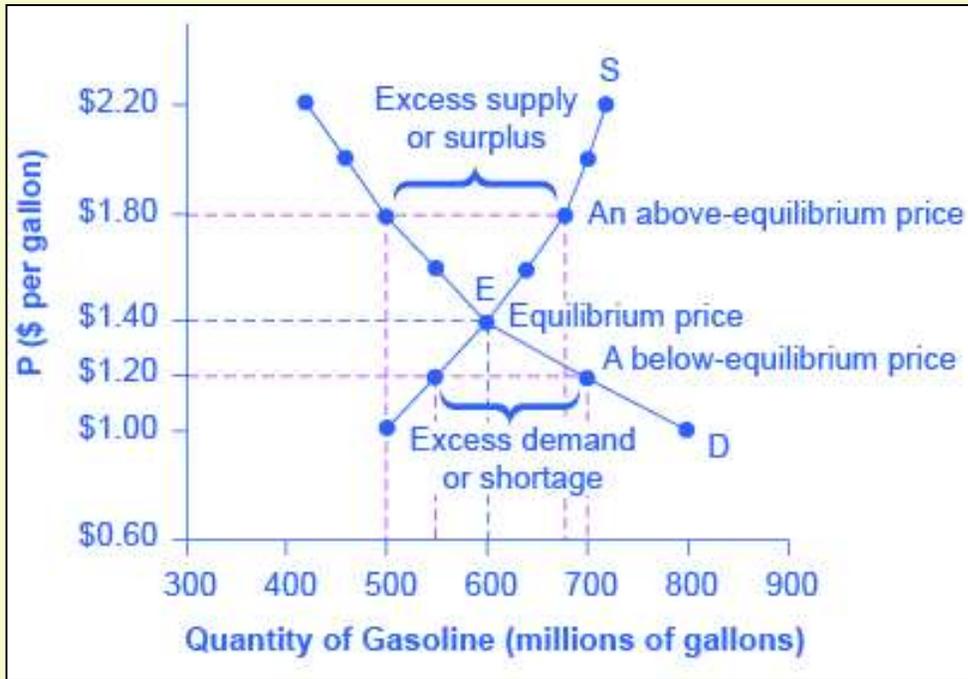


The 'marginalist' or neoclassical school - Jevons, Menger, Walras (1870s), later Marshall (1890s) - replaced these ideas with safer, mathematical notions of 'pure economics': utility, markets and 'consumer sovereignty'.

Jevons, Menger, Walras: the neoclassical economists of the 1870s



**'Neoclassical' economic liberal ideas form the basis of
mathematised 'economics' today**



When it is imagined that atomised markets determine prices, there is no need to think of:

- Value, or over-valuation (price = value)
- Distribution or redistribution (the market does that)
- Class interest, and monopolies

Bretton Woods conference 1944

Bretton Woods Conference, formally **United Nations Monetary and Financial Conference**, meeting at Bretton Woods, New Hampshire (July 1–22, 1944), during **World War II** to make financial arrangements for the postwar world after the expected defeat of Germany and Japan.



Anglo American liberalism, whatever its ideals, assisted in the expansion of slavery and colonisation.

In the mid 20th century liberal ideas helped install a US-centred global economy.

- World Bank (investment) and IMF (payments) systems
- Us dollar as de facto world currency
- Fixed exchange rates against the dollar, until 1971 when they were 'floated'
- Deregulation of banking led to the debt crisis of 1981

North American Neoliberalism of the late 20th century

The post WW2 regime begins with the 1944 Breton Woods conference, which establishes the World bank and IMF, with the US dollar as de facto international currency - USA displaces Great Britain

However there followed a period of 'neo-Keynesian' economics in the 50s and 60s (with states managing effective demand through fiscal and at times investment policy)

Neoliberalism is commonly thought to have begun in the 1970s, when economic crisis led to criticism of state economic 'intervention' (fiscal management, regulation of banking, etc) and 'monetarist' and other forms of practice emerged.

For the former colonies, the deregulation of banking led to serious debt crises (beginning 1981) and the formulation of 'structural adjustment programs' by the World bank and IMF. These SAPs promoted and enforced privatisations, dropping of capital and foreign investment controls. In 1999, due to strong reactions, there was a name change to 'good governance' and other financial control regimes.

Yet liberalism lacked historical and international theory, so some theories (all north American) were later added:

1. 'Stages of growth' theory (Rostow 1961)

- Five stages: traditional agrarian society, pre-conditions, take off, drive to maturity, mass consumption
- Comment: ignores feudalism and colonialism (i.e. actual history)

Rostow, W. W. (1960). "The Five Stages of Growth-A Summary". *The Stages of Economic Growth: A Non-Communist Manifesto*. Cambridge: Cambridge University Press

2. Hegemonic Stability Theory (Kindleberger 1974, 1976)

- A single 'benevolent hegemon' should secure the global environment for liberal free trade (said to be missing in the 1930s depression)

4. 'Hegemonic Neoliberalism' - late 20th century

'Hegemonic Neoliberalism' is another way of talking about the political project which selectively borrows liberal ideals, in the service of imperial plans and embedded corporate monopolies. Liberalism was designed for a nation state, it must syncretise (e.g. with neo-realism) to have international relevance.

Because neoliberalism claims concepts such as pluralism, secularism and human rights, does not mean that it owns these ideas (they have other origins).

For example, Neoliberals make (selective) use of 'human rights', e.g. for 'humanitarian intervention', but typically ignore the first article of the International Bill of Rights: 'the right of a people to self-determination'. That article came from the Declaration on Decolonisation, December 1960.

Kindleberger's 'hegemonic stability' theory: a new iteration of the Anglo American liberal project, from the 'neo-realist' school

Charles Kindleberger



Snidal on 'Hegemonic Stability Theory'

'Charles Kindleberger contends that the maintenance of free trade requires what he calls (approvingly) a 'benevolent despot' to provide certain institutional public goods' (Snidal 1985: 580).

'[Kindleberger says] First, the presence of a dominant actor will lead to the provision of a stable international regime of free trade ... Second, although the dominant leader benefits from this situation ... smaller states gain even more ... [but] how much asymmetry is beneficial to whom and under what circumstances?' (Snidal 1985: 581)

References

- Charles Kindleberger (1974) *The World in Depression, 1929-1939*, University of California Press, Berkeley; and Charles Kindleberger (1976) 'Systems of International Economic Organization', in David Calleo, (ed) *Money and the Coming World Order*, New York University Press, New York
- Mancur Olson (1965) *The Logic of Collective Action*, Harvard University Press, Cambridge
- Robert Keohane (1982) 'The Demand for International Regimes', *International Organization*, 36
- Duncan Snidal (1985) 'The Limits of Hegemonic Stability Theory', *International Organization*, Vol. 39, No. 4 Autumn, 579-614

Neo-realist 'hegemonic stability theory'

- 'hegemonic altruism'
- stabilise world order
- 'free trade' guarantor
- carries military expense for world

Charles Kindleberger, 1970; Robert Keohane, 1977

Question: Did the US dollar regime serve to stabilise trade between 1944 and 1971?
If so, who gained?



Three moral failings of the neoliberal world

1. It is blind to public-private conflicts of interest

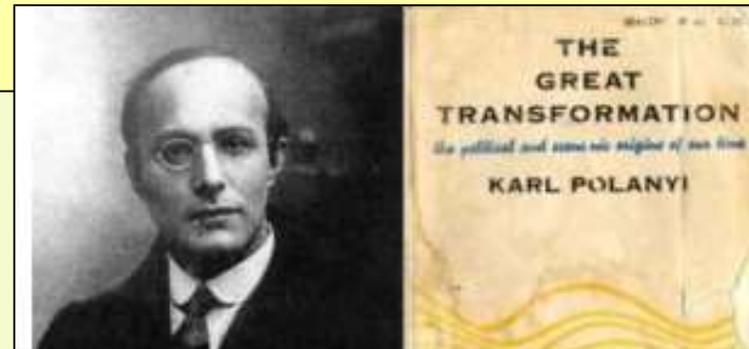
Institutional and corporate corruption (like liberal property rights) have no real limits, breeding new regimes of private taxation through monopolies.

2. It is an assault on the rights of children (half the human race)

No child really 'participates' in markets, the claimed foundation of liberal redistributive 'justice'. As a result, they are dispossessed.

3. It is fundamentally anti-social

Social institutions are constantly eroded, if not destroyed. Public health, public education and other social structures are 'milked' for private accumulation. Eventually there are reactions, as society defends itself from this so-called 'self regulating market' (Polanyi 1944).

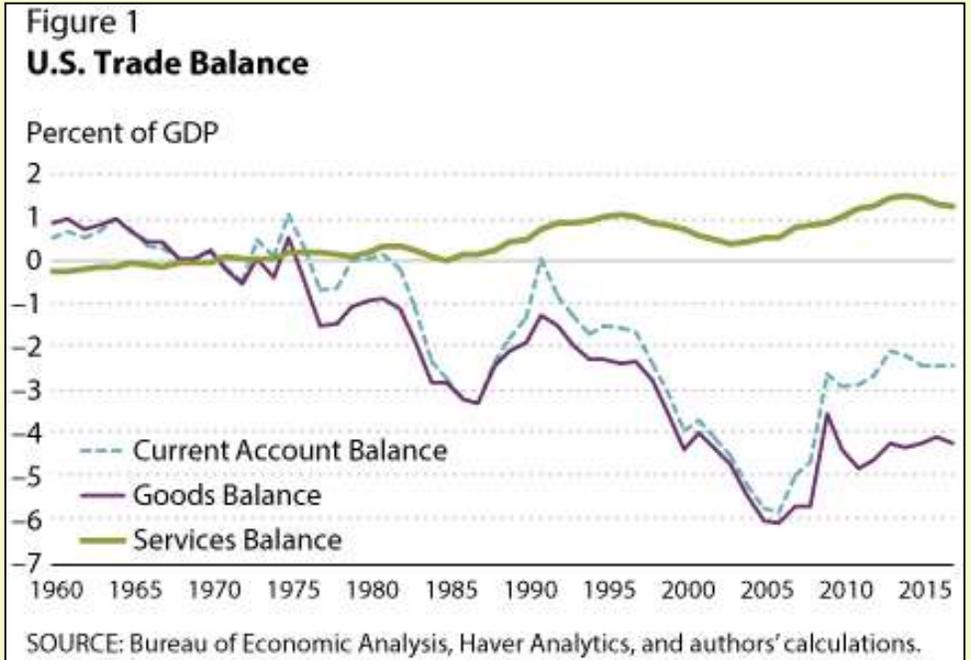


US decline - a new mercantilism, or towards multi-polarity?

US economic (trade and production) decline since the late 1960s. Leads to devaluation of the dollar in 1971, then again in 1980s

'Free trade' ideas (as selective as they always were) are increasingly replaced by unilateral and coercive demands, for:

- investment privileges
- IPR rents
- technological dominance



5. Neo-Marxist theories of imperialism

There are several neo-Marxist theories of imperialism, but most share these elements:

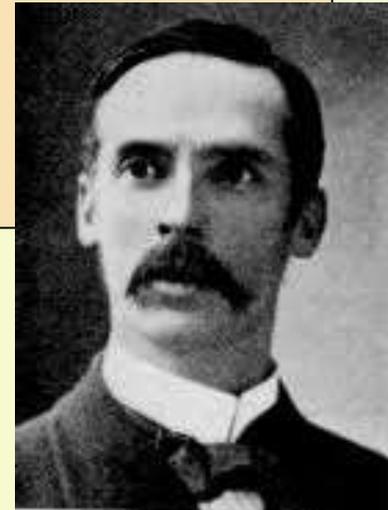
- 20th century capitalism is dominated by monopoly corporations
- Finance capital dominates these giant corporations
- Competition between imperial monopolies drives colonisation and war
- Post-colonial addition: the colonies were systematically 'under-developed' to help build the economies of the colonial powers.

Question: Does the emergence of a powerful state (e.g. Russia, China) automatically mean that it will act as an imperial power?

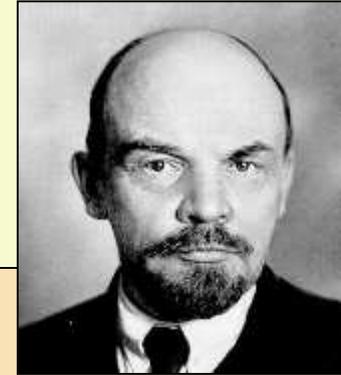
Some critical liberals saw imperialism as 'bad business policy'

- ❑ Does trade 'follow the flag'? Or does monopoly direct the flag?
- ❑ By far the most important factor in imperialism is the influence relating to investments ... Every advanced industrial nation is tending to place a larger share of its capital outside the limit of its own political area, in foreign countries'
- ❑ '[but] Imperialism of the last three decades is condemned as a business policy ... it has procured a small, bad, unsafe increase of markets, and has jeopardised the entire wealth of the nation in rousing the strong resentment of other nations ... the business interests of the nation as a whole are subordinated to those of certain sectional interests that usurp control of the national resources'

John Hobson (1902) *Imperialism*



Imperialism: Neo-Marxist views



Does finance capital drive empires?

- **Lenin's influences:** Marx & Engels, Hobson, Hilferding
- 'economically imperialism – or the era of **finance capitalism** – is the highest stage in the development of [monopoly] capitalism ... [which] has grown into a world system of colonial oppression and **financial strangulation** of the overwhelming majority of the people of the world by a handful of 'advanced' countries. And this 'booty' is shared by **two or three world-dominating pirates**, armed to the teeth who embroil the whole world in their **war** over the division of their booty'

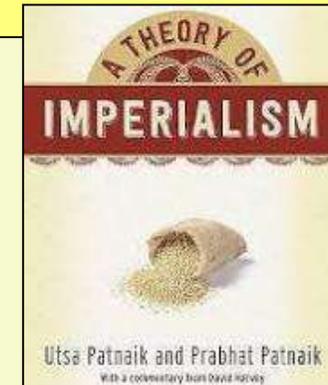
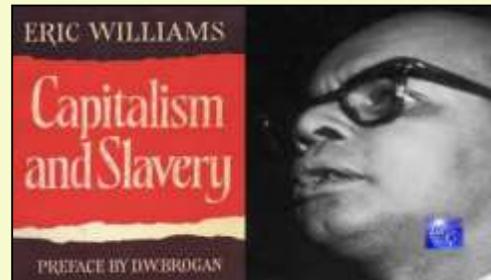
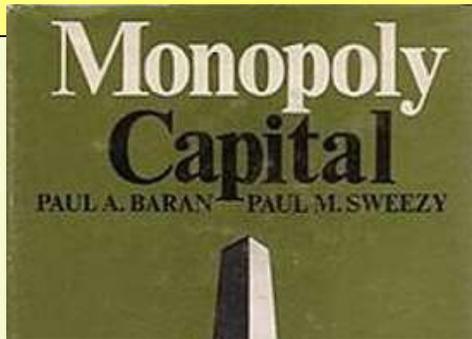
V. I. Lenin (1916) *Imperialism, the highest stage of capitalism*

Two key ideas:

- **Imperial competition drives war (e.g. WW1)**
- **Economic domination through financial monopolies**

Key neo-Marxist ideas on imperialism:

- ❑ Capitalism is not a basically competitive system (as Marx suggested) but rather is dominated by monopoly corporations (Baran and Sweezy);
- ❑ 'Surplus' is not extracted from labour by capital; it is extracted from peripheral economies by the 'core' centres of monopoly capital
- ❑ Centres of monopoly power accrue surplus capital which they have to export; in this way monopoly finance capital drives imperialist ventures
- ❑ Other neo-Marxist sub-theories (dependency theory, world systems theory) build on these ideas
- ❑ Post-colonial theorists in Latin America (e.g. Andre Gunder Frank), the Caribbean (e.g. Eric Williams) and India (e.g. Utsa Patnaik) stress the role of colonial exploitation in development and under-development



Q1. Explain the 'core and periphery' concept
Q2. Explain the key differences between Marx and the Neo-Marxists, as regards 'imperialism'.



Imperialism in the Neo-Marxist sense is more an 'economic' process:

- **Monopolies** - the role of MNCs in developing countries (Baran, Sweezy)
 - 'What is imperialism interested in? It is interested, naturally, in a government that looks after the interests of the monopolies.' Fidel Castro, 1961
- **The 'capitalist state'** – captured by monopoly capital, with 'relative autonomy' (Poulantzas, Miliband, Offe)
- **'Washington Consensus'** - sound market policy, structural adjustment, neoliberal 'good governance'- World Bank / IMF (Walden Bello)
- **Imperialism and dependency** - capital domination through monopoly / oligopoly power (Baran, Sweezy, Frank, Amin)



Andre Gunder Frank

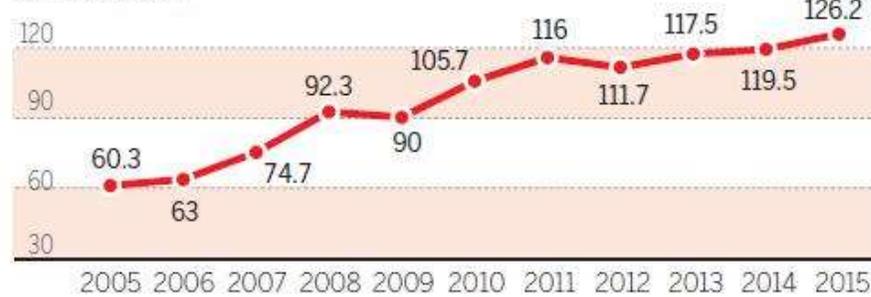


Samir Amin

Yet ahistorical readings of Lenin can lead to the mistaken conclusion that China, the major capital exporters in the world, is an imperial rival to the USA - even though the USA (despite its economic decline) maintains 800 foreign military base and drives dozens of international conflicts.

Growth of China's FDI

Unit: \$ billion



Source: Wind

China Daily (2017) Making China FDI-friendly again, online: https://www.chinadaily.com.cn/business/2017-02/20/content_28259545.htm



The History reader (2015) Base Nation – U.S. Military Bases Worldwide, online: <https://www.thehistoryreader.com/military-history/u-s-military-bases-worldwide/>

Conclusion: be wary of narrow, economistic readings of theory

Problems with Neo-Marxist theories of imperialism

- ❑ These theories appropriately draw attention to the role of giant corporations and finance capital in 'arming' new projects of domination;
- ❑ Yet many disregard the lessons of previous imperial ages
- ❑ Some versions tend to be ahistorical, judging the contemporary world against Lenin's era of competing European empires;
- ❑ Many versions ignore the imperial resource drain from the colonies (esp. India and Latin America)
- ❑ Technocratic and ahistorical views may wrongly see China, as the main contemporary empire, from its capital exports, ignoring the 800 military bases of the USA



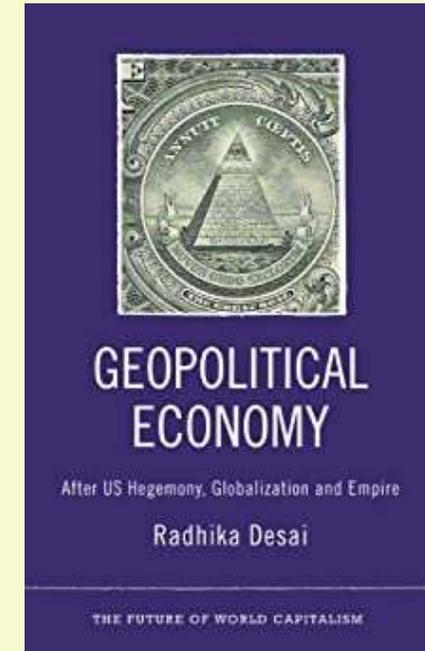
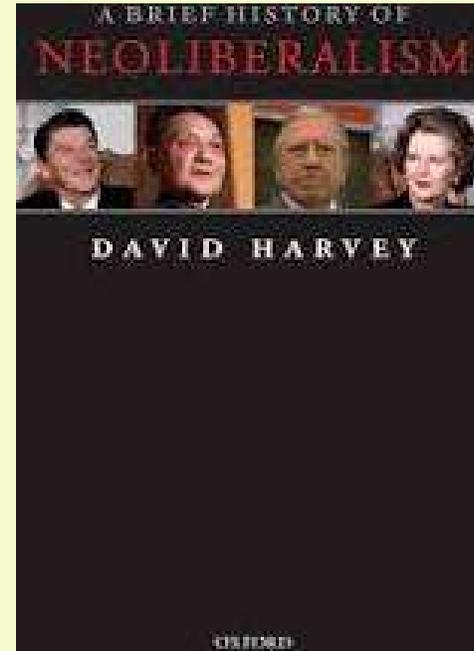
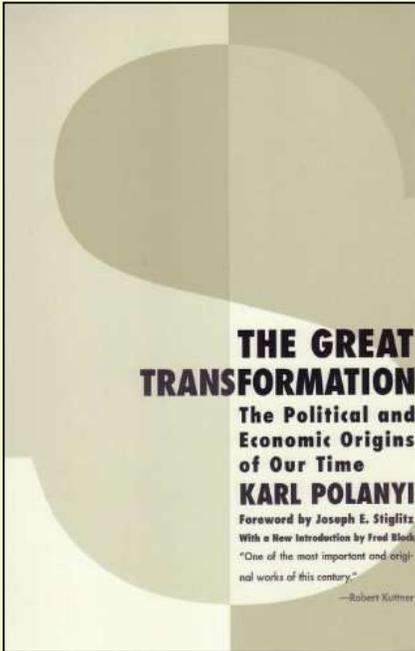
The contemporary synthesis of Hegemonic Neoliberalism

- Hegemonic Neoliberalism today incorporates what might be called the **new colonialism**, in that it requires expansion and domination to reproduce its essential features, especially with its lead 'hegemon' in decline;
- That new colonialism can be seen in attempts to legitimise imperial double standards through **globalist integration** and **hegemonic stability** ideas, baseless in international law but assisted by **humanitarian intervention** and **responsibility to protect** doctrines;
- This represents continuity of Anglo-American liberalism, as a historical imperial (or hegemonic) project, not simply a tradition of liberal idealism.

Summary:

- ❑ Anglo-American liberalism (AAL) was and remains a historical class and imperial project, which draws selectively on syncretic liberal idealism, for its legitimacy.
- ❑ For more than three centuries Anglo-American liberalism extended elite privileges at home and abroad, using deceptive universal rationales
- ❑ Economic liberalism was a subset of this historical project, hiding the corporate face of economic domination behind mathematical models.
- ❑ Hegemonic neoliberalism in the late 20th century synthesised this selective liberal ideology with new post-colonial doctrines of domination.
- ❑ Economic theories of imperialism drew attention to this synthesis, but often created too narrow a basis for understanding highly adaptive post-colonial imperialism, or 'Hegemonic Neoliberalism'.

Some readings on liberalism and neoliberalism



Domenico Losurdo (2006) Liberalism, a counter history, Verso, London
David Harvey (2006) A brief history of neoliberalism, Oxford University Press
Radhika Desai (2013) Geopolitical Economy, Pluto, London
Karl Polanyi (1944/2001) The Great Transformation, Beacon Press, Boston