

Research Article

American Hegemony through its Neoliberal Global Order Project

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Abstract:

In light of recent global developments with the advent of Trump 2, marked by a resurgence of economic nationalism and protectionism, many presage the end of American hegemony and, subsequently, its neoliberal order. This paper argues that, despite apparent crisis, the American neoliberal order project is far from disappearing. It is, in fact, being restrengthened and revived through a sort of “chaos strategy” whose end objective is to preserve and maintain American global power.

Among other issues, this paper offers a critical look at the past and present of Neoliberalism. Characterized by its resilience and its ability to adapt itself despite existential crises, Neoliberalism is far from being dead as some believe. The rise and progress of nationalist trends may cause crises which are inherent to any dominant political and economic theory but which may also be a revival and repositioning opportunity.

Keywords: the USA, Domination, Neoliberalism, Globalization, Capitalism.

Introduction

Neoliberalism, as most scholars agree, refers to an omnipresent set of principles, doctrines, and policies that extol the virtues of a free market and free trade economic system with little intervention by government. At the center of the neoliberal project are human beings and their socio-economic well-being. Neoliberalism seeks to liberate them, arguing that liberating the market and the trade and protecting private property rights and freedom of enterprise they will achieve a sustainable socio-economic success, and by extension, the whole society. The state role is to set up the institutional framework and legal structures that guarantee such practices. Moreover, the neoliberal project limits state intervention or keeps it to a bare minimum. Many people, champions of the capitalist society, have made great achievements on the basis of this freedom of entrepreneurship and through government and private loans. Bethany Moreton exemplifies it in *To Serve God and Wal-Mart: the Making of Christian Free Enterprise* (2009) through the success-story of Sam Walton and Wal-Mart as a global company.

It is important to look at the genesis and evolution of the neoliberal discourse in order to understand how it has become an induced historical construct. As a bundle of ideas with hegemonic pretensions and tied to an explicit American political project, the neoliberal reaction appeared in full force in the 1970s. However, its label has been in use since the 1950s, according to some scholars. Neoliberalism did not exhibit its present ideological vigor and aggressiveness as a hegemonic counter-revolutionary discourse of global reach. Monetarism and neoclassical economics were confined to a small but influential group of conservative economists, business people, politicians and thinkers. They shared a deeply ingrained belief in the inappropriateness of Keynesianism and their common ground centered on a scathing critique of ‘statism’, both Marxist and social democratic. The immediate targets of their attacks were against bureaucratism, the welfare state, and the myriad of induced development and demand-side schemes which, by the end of World War II had become the orthodox staple of government policy. They also attacked political liberalism and its acceptance of equity as a guiding principle for choice.

Basically, there are three essential structural parameters that define the historical and structuring circumstances of the neoliberal global order. The first one is the end of the Cold War and the collapse of socialism. This event is interpreted as the victory of American Capitalism. The second relative parameter of this new order is the complete failure and further marginalization of the Third World and its re-integration to the global system through the acceptance of neoliberal policies. The third parameter is economic globalization on a depth and scale unprecedented in human history (Nef Jorge and Robles Wilder, 2000).

I- The Collapse of Socialism and the Victory of American Capitalism.

As a concept, neoliberalism was applied to Western strategies and tactics deployed in the ideological front of the Cold War. Originally, the term referred to movements of the ‘modern right’, particularly professional organizations and businesses at the margins of party politics that were attempting to modernize capitalism. Their goal was to fight socialism in the extra-parliamentary arena, rather than in the realm of elections and political parties. In the United States, the intellectual backbone of this counter-revolutionary movement was provided by thinkers and ideologues like Friedrich Von Hayek, Ludwig von Mises, Milton Friedman,

Karl Popper, Louis Baudin, Leonard Read, and Ayn Rand. This Western elite think-tank that constituted the Mont Pelerin Society¹ created in 1947 and the Bilderberg Group² established in 1954, that facilitated the spreading of the neoliberal viewpoint.

Neoliberalism has become entrenched as a global ideology in the post-Cold War and largely unipolar world. This mindset has hegemonic strength among the core sectors of developed countries. In recent decades, the profound restructuring of the world economy that has taken place, characterized by interdependence, globalization and the transnationalization of production and the whole range of socio-political relations or 'cosmocorporation', has helped the rise and dissemination of activist neoliberalism as a global ideology. Its ideological foundation is distinctively neoclassical, elitist, and monistic. It is as Manichean and dogmatic as the Cold War discourse it has replaced despite its outwardly progressive rhetoric of democratization, support for individual freedoms, open societies, and the rule of law. This type of reactionary modernism has more than a casual continuity with its military predecessor. It has a strong appeal to the affluent, globally-integrated, consumption-intensive, and modern elite sectors in several countries. From this perspective, the triumph of the West, specifically that of the United States, has an international resonance.

At least five identifiable streams of thought converge in contemporary neoliberalism. The first source is neoclassical economics, rooted in Hayek's interpretation of Adam Smith, and the premise that economic rationality is solely the consequence of individuals maximizing choices. In *The Road to Serfdom* (1944), Hayek clearly points out that an individualist culture guarantees individuals the freedom to engage in entrepreneurial activities through which they could achieve economic growth. Hayek's economic prediction that liberalism provides the largest guarantor of freedom and liberty is based upon the premise that in the case of the liberal state, the person is free to do as they wish and work upon themselves to create their individual being whereas in the case of socialism, the state is the one that is constantly working to form people for the purpose of a better state. The second source is monetarism and its prescription of fiscal restraint, privileging anti-inflationary measures over employment. Its major proponent has been Milton Friedman, associated with the "Chicago School", the latter closely connected to financial speculative circles. The third source is political neo-conservatism: an offshoot of a moralistic and culturalistic reaction amalgamating, on the one hand, disillusioned welfare liberal, with outward reactionaries and 'cold warriors' on the other. The fourth source is a revamped version of nineteenth century social Darwinism à la Herbert Spencer, with Malthusian and deterministic connotations. Last, but equally relevant, is the quasi-mystical objectivist individualism à la Ayn Rand, with a poetic and highly normative flavor.

Neoliberalism operates in a multitude of counter-revolutionary fronts, including policy analysis, ideological indoctrination, propaganda and infiltration. Its package contains five to six major interconnected policy recommendations. The first one is the re-establishment of the rule of the market. This means liberating private enterprise from the 'artificial' bonds imposed by government. It also involves greater openness to international trade and investment. In the labor front, wages are made competitive by de-unionizing workers and eliminating 'artificial barriers' such as workers' rights, minimum wages and the like. The elimination of price controls allows the market to find its own equilibrium. Last but not least, currency controls, tariff barriers, and other impediments to free trade are phased out and, if possible, eliminated. Total freedom of movement for capital, good, and services is to be attained. A central postulate in market sovereignty is that an unregulated market is the best way to increase economic growth, which will ultimately benefit everyone.

The second prescription is reducing taxes. Public revenues, specifically direct taxation on income and wealth are to be drastically cut down. This is geared to increase disposable earnings among the well-to-do, resulting in a favorable investment climate. Conversely, taxation on consumption, or indirect taxation is boosted, especially in the form of value added or goods and services taxes. These policies are set to benefit big business and are essentially anti-labor and anti-consumer. They also reduce the fiscal base of government.

The third one is reducing public expenditure. Social disbursements, including welfare assistance, education, healthcare, unemployment insurance, and pensions are considered inimical to economic efficiency. The same goes for social safety nets and even the maintenance of physical infrastructure such as roads, bridges, water supply, and other services. Whenever possible, these activities are to be taken over by revenue generating private enterprises. Profitability, not service is the main criteria.

The fourth recommendation is deregulating the private sector. State-owned enterprises, as well as public-sector produced goods and services are to be sold to private investors. These includes banks, key industries, railroads, highways, energy, water and communications utilities, schools, hospitals, and even natural resources. The assumption here is that private enterprise, driven by profit-maximization, is inherently efficient, risk-taking and innovative.

Finally, the last prescription is the elimination of the collectivist concept of the 'public good'. This is to be replaced with a view of the common good emphasizing 'individual responsibility'. The subsidiary state has a minimal role to play in dealing with individual failures. Thus, those who are not able to fend for themselves are blamed for their own problems and left largely on their own to solve them.

¹ Named after the Swiss spa where these thinkers first met in 1947 to provide the philosophical backbone to their neoliberal project.

² From 29 May to 31 May 1954, an international conference held at the Hotel de Bilderberg, in the Netherlands, at which leaders from European countries and the United States had gathered with the aim of promoting Atlanticism – better understanding between the cultures of the United States and Western Europe in order to foster cooperation on political, economic, and defense issues.

The neoliberal theory, particularly in its monetary guise, began to exert practical influence in a variety of fields. Karen Ho shows, in *Liquidated: An Ethnography of Wall Street* (2009), how it has motivated a revolution of the shareholder value and a war over assets at Wall Street. Ho (2009, p. 125) argues that “financial institutions and capital markets have constructed a new world (dis)order” during the 1998 “shareholder value revolution” that took place in Wall Street. She adds that “in 1998, shareholder value was just at the cusp of inundating American culture as the central explanation and rationale for corporate restructuring, changing concepts of wealth and inequality, and the state of the American economy”. This revolution has witnessed a radical and very consequential shift of the function of the corporation from a “representative [political and] social institution” that cared much of the worker to a “sum of property rights of the individual shareholders” (p. 124).

II- The Marginalization of the Third World and its Re-integration to the Global System through the Acceptance of Neoliberal Policies.

Neoliberalism has evolved into a new form of fundamentalism or ‘economic correctness’, a sort of holistic economic determinism of the ‘right’, decorated in ‘common sense’. It encompasses a theory of history, a political economy and a theory of world politics. It is also a vanguard political movement of the well-to-do which exhibits many of the epistemologically fallacious assumptions of its now-defunct and discredited ideological opposite. With Neoliberalism began the great shift toward greater social inequality and the restoration of economic power to the upper class. Neoliberalism has restored class power that it aims to efface.

The most crucial ideological trait that underpins the present global regime is the pervasiveness of neoliberalism as a hegemonic and homogenizing discourse under the lead of and by the US. This discourse contains in its core a distinctive ethics of possessive and predatory individualism with very few moral constraints. Conventional economic thinking has displaced not only socialism but practically all manifestations of structuralism. Most important, however, is the entrenchment of inequality and the devaluation of labor as the guiding principle of economic life.

David Harvey (2005, p. 67, 68, 69) has revealed three types of problems related to the neoliberal practice. The first one is ‘monopoly or oligopoly’. As neoliberalism favors competition, strong firms necessarily drive out the weaker ones, reincarnating the famous Darwinian theory of “survival of the fittest”. Thus, the leading companies appear to have signed a virtual pact with governments and actually constitute a class power and a unilateral monopoly on the financial market to the detriment of the masses. The second controversy is that of ‘market failure’ or when individuals and firms shed their liabilities outside the market for fear of paying the full costs attributable to them. The last controversy that Harvey underlines is political. For him, the political controversy in the neoliberal practice is related to the “unaccountable” institutions making decisions at the expense of the state whose intervention is limited. Consequently, this hits a hard blow to democratic governance.

The neoliberal solution has been to limit the role of the state and to facilitate private accumulation, while reducing the scope and salience of popular participation and social policies, all this in the name of freedom. A strong connection develops between neoliberal policies, the enhancement of law-and-order, penalization and criminalization, and the possible emergence of police states. The neoliberal project is distinctively exclusionary and heavily class biased. Aihwa Ong uses, in her prominent book *Neoliberalism as Exception: Mutations in Citizenship and Scholarship* (2006), the concept of “neoliberalism as exception” to show how the transformation brought about by the global world order has informed the new strategies of management of populations and administration of special spaces in Southeast Asia that confer exceptional prerogatives to special citizens and economic enclaves (in Hong Kong, Taiwan, and Singapore). This elitist tendency that facilitates governability of democracies reduces the governments’ capacity for governance. It also produces an effective loss of citizenship. The neoliberal package is somehow inconsistent with democracy because it neither assures employment opportunities nor provides any other way that lower income groups can participate in economic growth. The rationality of the economy ends up in contradiction with social and democratic rationality.

In fact, the economic policies charted under the neoliberal economic doctrine suit authoritarian regimes as well such as Pinochet’s Chile, some of the Asian ‘miracles’ or parts of African despotic governments. These countries have been applying a similar political agenda in their own societies, manifested in “Reaganomics, Thatcherism, and the supply-side policies”. These socio-economic policies have been rationalized on grounds of keeping inflation low, reducing the tax burden, or more recently the current internal debt crisis. These policies have led, in all cases, to growing income disparities, and widening the gap between rich and poor.

Nef Jorge and Robles Wilder (2000) have noted another friction in neoliberalism that they termed the ‘abandonment of politics’. In their article “Globalization, Neoliberalism and the State of Underdevelopment in the New Periphery”, they argue that the issues of participation and regulation are as central to the question of ‘good governance’ as are the issues of accumulation or enforcement. Since the 1970s, Western political theory has consistently abandoned a normative ideal based on participation, democracy and the ‘input side’ of the politics favoring another teleology centered on order, stability, and governmentability. The new political economy emphasizes the role of the merchant over the citizen.

III- Economic Globalization or Neoliberalized Humanity?

The neoliberal hegemony has sometimes been achieved through clearly recognizable economic regimes such as the International Monetary Fund, the World Bank, and the World Trade Organization. These international financial institutions, as shows Michael Goldman in *Imperial Nature*, have carved out a deep place in the economic development industry as the most powerful global structures. Through these regulatory bodies, world economic elites manage their interests and maximize their profits. Jorge and

Wilder (2000: 42-43) summed it up as follows:

Economic development under the neoliberal formula has disenfranchised people from fulfilling their basic human needs, namely, access to food, housing, and employment. It has caused social polarization within and across national boundaries. It has contributed to the emergence of a new center and periphery, no longer based on geographical regions, but on political and economic groupings in both the North and South. On the one there stand the highly transnationalized, affluent, mobile, and influential elites in the First World, former Second World and Third World. On the other, there is the heterogeneous and fragmented majority of the inhabitants of the planet –living in all the “worlds of development”- who are increasingly marginalized and disenfranchised in the “global village”.

On the whole, the only systematic success neoliberalization can claim is the reduction and control of inflation.

As a matter of fact, in light of the various ills engendered by the neoliberal practice, more and more oppositional movements (different from the traditional worker-based ones) are organizing themselves in quite different lines of social, political and economic struggles. They are seeking global social and environmental justice and claiming a radical reform or dissolution of powerful international institutions. Most of them have “now come together to the World Social Forum in an attempt to define their commonalities and to build an organizational power capable of confronting the many variants of neoliberalism and neoconservatism” (Harvey, 201). In parallel, “neoconservatism” is also rising as a potential answer to the inconveniences of neoliberalism. Governments are now becoming more and more conscious of the necessity to redefine the global and domestic order to their own interests.

Conclusion

There is no doubt that American hegemony has been woven into the fabric of the so-called global system through global governing bodies like the UN and the Bretton Woods institutions. It has been established since the end of the Second World War and is epitomized by the US Dollar and the US military might. Despite serious challenges posed by competing giants, the neoliberal global order continues to prevail.

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