



From the Ashes of Neoliberalism

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In the U.S., far-Right Republicans and Democratic liberals alike have sold many people on the notion that the market should be the main force to drive the economy and define social relationships. They maintain that government should stay off of peoples' backs and out of our wallets. They promote rugged individualism and consumerism couched in terms like "personal responsibility," "freedom" and "independence." "Greed is good!" was the mantra of Michael Douglas' character, Gordon Gecko, in the 1980s movie "Wall Street" and those became the words to live by in the 80's and 90's. The philosophy and value of greed was taken to heart by many a corporate CEO, and, over the past 3 decades, this twisted logic – underlined by the values of individualism and the culture of consumerism – has turned back the clock on human development with devastating consequences.

The Chicago Boys' Disaster

Naomi Klein's landmark work "The Shock Doctrine: The Rise of Disaster Capitalism" summarizes the last thirty years of the neoliberal (aka neoconservative) project. These policies have had a stranglehold on the global economy for decades. But Klein argues persuasively that it is primarily in moments of societal or natural upheaval that capitalist extremists, trained by gurus like Milton Friedman at the University of Chicago, have been most able to impose their political and economic agenda. Even if a natural disaster didn't present itself, Friedman's disciples, like Kissinger, Nixon, Reagan, Bush and Clinton, had no problem wreaking their own violent havoc on vulnerable countries.¹

By now, the mantra of the "Chicago Boys" has become all too familiar: eliminate regulations, cut taxes, slash public spending, privatize public services, etc. Their policies dominated the global political landscape, unraveling the gains of centuries of social movements, while a new global elite has been enriched beyond imagination. A handful of people have become super-wealthy, and mega corporations have become even bigger and more powerful.

"Free trade" policies and the loan sharks that have run the World Bank and the International Monetary Fund have destroyed national economies. Millions of people have been forced into poverty, and entire communities have been displaced from the countryside. Multi-nationals and northern industrial nations siphon wealth from the developing countries. Those that migrate from their homelands to make a living in the north are greeted with walls, bullets and racism. In the U.S., millions are homeless, unemployed, in prison, or one paycheck away from bankruptcy. The social wage has been beaten down to unsustainable levels – real wages are lower now than they were 30 years ago. Yet the costs of fuel and raw materials have skyrocketed causing worldwide food shortages. We have wiped out public budgets by eliminating taxes on those who profit

¹ Klein, Naomi, [The Shock Doctrine: The Rise of Disaster Capitalism](#), 2007 Metropolitan Books

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most. Vital public infrastructure and services cannot meet basic needs like maintaining the levees in New Orleans and reconstructing the Gulf Coast, or controlling the devastating blazes in Southern California. Yet the majority of our federal budget sponsors the wars and occupation in the Middle East, the warehousing of generations of the poor and people of color, the witch-hunt of immigrant refugees of U.S. foreign and trade policy, and the growing national debt.

Capitalism unchecked has given us Big Oil, Blood Diamonds, Enron and Halliburton. They have given us Afghanistan, Iraq, Guantanamo and the Wall of Death on the U.S.-Mexico border.

The rise of the neoliberal regime has occurred in the same era that we are experiencing the decline of the economic and political dominance of the United States empire. Scholar Immanuel Wallerstein observes that economically the U.S. has been losing its top economic position since the 1970s as other regional economies have expanded.² The U.S. is staring economic collapse in the face, driven by the bursting of the housing bubble. This bust is enough to make even billionaire George Soros nervous, arguing that there is a profound difference between this downturn and other recent ones:

*“...the current crisis marks the end of an era of credit expansion based on the dollar as the international reserve currency. The periodic crises were part of a larger boom-bust process. The current crisis is the culmination of a super-boom that has lasted for more than 60 years.”*³

Soros argues that with the deregulation of the financial industry, many of the mechanisms put in place to withstand a significant bust cycle have been eliminated. The Federal Reserve and the government may no longer have the tools to stave off a recession.

Today, the United States is the leader in a number of shameful statistics: the highest percentage and total numbers of its population in prison, the highest consumption of the world's natural resources, the only industrialized nation without universal healthcare, the biggest military budget. It seems that the greatest product that the U.S. is capable of producing today is war, and this makes us a very dangerous country. Our primary role in the global community is as a mercenary army in the interests of big business.

The hyper-consumerist culture of the U.S. has led to predatory lending and credit schemes that have put millions of people in the U.S. on the brink of bankruptcy, and the sacking of the Global South for exploited, under-paid workers and natural resources to make cheap products. The U.S. population represents 6% of the world's population, yet consumes 30% of the world's resources and produces the greatest amount of carbon pollution.

And while we're at it let's just be clear that the free market capitalism we have seen in the U.S. is by no means “free”. In reality the U.S. economy functions as a form of socialism for the rich. Taxpayers have bailed out the savings and loan industry, banks, and airlines. We finance at least 2 federal social security programs: the one to which most of us contribute through each paycheck, and the one for United Airlines employees (since that company no longer pays its

² Wallerstein, Immanuel, [The Decline of American Power](#), 2003, The New Press

³ Soros, George, “The Worst Market Crisis in 60 Years”, January 22, 2008, The Financial Times (London)

pension obligations). We give huge government contracts to the prison and military industrial complexes, and increasingly to private education and healthcare companies.

The “land of the free” is also one of only two countries in the world building walls between themselves and their neighbors (the other being Israel). This fortress mentality is a telling sign of an empire in decline. At a time when the U.S. population needs to be reaching out to the rest of the world more than ever, our government leaders are circling the wagons.

The Chicago Boys and their friends have made a terrible mess, and we haven't even touched on the destruction caused by unchecked industrialization, gutted environmental regulations, and the addiction to fossil fuels that have pushed life on the planet to the edge of oblivion. Fixing this disaster will take generations and a fundamental shift in the values and premises that we base our politics on.

A Cultural Shift: Reintroducing Community Values

It's clear that a profound change in the U.S. political direction is necessary. A fundamental shift in the political and economic direction of the country will require a cultural shift and a redefinition of social and political relationships. We need to challenge the values of individualism and competition and the culture of consumerism and reintroduce key values in defining our economic and social relationships - values such as reciprocity, community, cooperation and solidarity. We need to affirm that as a society we share collective and community responsibilities. We must confront the underlying premises that have sustained the neoliberal/neoconservative agenda – namely that taxes, unions and government are all bad. As Donald Cohen has outlined, we need to assert that taxes, organized labor, regulations and government are in fact necessary to keep the greedy in check and to achieve a just and democratic society.⁴

A significant political and cultural shift in the U.S. will also require us to redefine the “American Dream”. The dream is not about a motivated individual being able to strike it rich. The dream that would benefit most Americans (including Latin Americans and Canadians) would be closer to the dream outlined by Dr. Martin Luther King, Jr. The dream should include racial, gender and queer liberation, meeting the basic needs of everyone in the community, and achieving peace in our local and global community.

In the Story of Stuff (storyofstuff.com) Annie Leonard beautifully explains the cycle of production and consumption that is driving the planet towards self-destruction. She describes how the values of consumerism were engineered during the 1950s and have become part of our social DNA today. Consumerism was designed as a deliberate political strategy, and must be challenged by a deliberate political strategy. The cycle of consumption is sustained by externalizing costs by exploiting communities for cheap raw materials and labor. Challenging this model will mean supporting the struggles of exploited and displaced communities and their right to organize.

⁴ Cohen, Donald, “Progressive Self-Censorship: What Do We REALLY Want?” November 2, 2007 Movement Vision Laboratory blog

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Shifting our values will allow us to make bold policy changes that are absolutely necessary. Here are some examples:

From Greed to Equity: Redistributing wealth – The neoconservative/neoliberal disaster has consolidated wealth in the hands of a few individuals and corporations. Half of the largest economies in the world are multi-national corporations. CEO salaries have ballooned to over 300 times the average pay of workers of the same company. Several corporations are also double and triple-dipping into the national public coffers, first by avoiding taxes through offshore tax havens or by having taxes completely eliminated by their friends in Washington, then by getting government contracts as government services become privatized.

Meanwhile there are now many more desperately poor people throughout the world and in the United States. Homelessness, bankruptcy and unemployment are all on the rise. So is the prison population. A recent study by the Pew Foundation shows that an astounding 1 out of 100 people in the U.S. are in prison. One out of 36 Latino males and one out of 15 Black males over the age of 18 make up a large percentage of this population.

Redistributing wealth will have to take place on a number of fronts, including raising the minimum wage, closing prisons and putting people back to work at livable wages, and taxing the rich, taxing the rich, taxing the rich. We must also confront the class divide built on the legacy of racism in the United States.

From Private to Public: Creating public wealth – But beyond just taxing the rich, we must also challenge the premise that has been a pillar of the neocons/neolib – that taxes are bad. Taxes are public resources that are essential in providing for the public good. The idea that the public sector is inefficient, bureaucratic and corrupt for the most part is hogwash promoted by the Neos, but when it comes right down to it someone has to pay our firefighters, pave the roads, build the schools and strengthen the levies. Certainly there are abuses that take place in public expenditures – mainly in the outrageous spending for the military and Homeland Security, and in the abuses by private contractors like Halliburton that overcharge the public for their services. But at least there are mechanisms for public oversight. We also must think about what a strong tax base can achieve – national, universal healthcare, for instance: public works projects that can put people to work; generating a green, sustainable energy economy; rehabilitation programs to help the generations of soldiers, prisoners and homeless people who are likely to, once again, be abandoned and put out on the street in the next few years.

From Competition to Community, Cooperation and Reciprocity: Building sustainable economies – In 2004 I visited New Westminster, British Columbia, an industrial town just outside of Vancouver. With the decline of local industries New Westminster was notorious for having the highest crime rate in North America. Yet from 1999-2004 the community had started 105 new businesses, an astounding 100 were still thriving. The success of New Westminster was attributed to a model of economic development promoted by Italian-born Ernesto Sirolli. The model is called Enterprise Facilitation (EF). The process of EF sounds very similar to community organizing, whereby a “facilitator” is hired from the community and is tasked with

helping local residents get their business ideas off the ground. The facilitator then develops social networks of resource people, government agencies, businesses and non-profit institutions that help sustain the projects. Homeless people and high schools students have started successful small businesses through this process. “The economic development comes along as a secondary result of developing community, because people know each other and trust each other” says Vicki Austad of New Westminster's Community Development Society. In a presentation to the Albuquerque Chamber of Commerce, Ernesto Sirolli summarized one of the underlying premises of Enterprise Facilitation: “It is arrogant to think that the answers to your economic development problems are in the boardrooms of your corporations. It is out there - in the streets of your barrios and ghettos!”

For a larger scale version of this model, we can look at the northern Italian region of Emilia Romagna, one of the most productive regions in the world. Emilia Romagna is built on 8,000 worker cooperatives and over 300,000 small businesses with fewer than 50 employees that are networked to produce everything from Ducati motorcycles to leather goods. The thousands of small firms subcontract with each other to create flexible, cooperative manufacturing networks.⁵ A fundamental principle of Emilia Romagna’s economy is “reciprocity” defined as “bi-directional transfers...implying a balance between what one gives and what one expects to obtain.”⁶

For development of the capacity of the local economy, there are also examples closer to home. Despite the Right-wing propaganda about Cuba as being a centralized economy run by an iron-fisted dictator, the island nation has made great advances in building capacity at the local level. Since the loss of support from the Soviet Union and despite the economic stranglehold of the U.S. embargo, the Cubans have developed an impressive model of local infrastructure, developing everything from organic local farms and urban gardens, to medical facilities and specialists in all communities. Cuba has also developed an incredibly effective, decentralized emergency response system. When Cuba suffered a direct hit by the same Hurricane Katrina that led to the devastation of the U.S. Gulf Coast, the island suffered no casualties.

From Imperialism to Solidarity: Making Peoples Trade Agreements – For the past 30 years, the neocons/neolibers have undermined the national economies of several nations. They have done this through three primary mechanisms: bad trade deals, violent overthrow and loan-sharking. The loan-sharking was carried out by the World Bank and International Monetary Fund. These institutions were initially conceived to help foster development in poor nations. By the 1980s they were used to force countries to adopt the neoliberal/neoconservative agenda including the privatization of public services and selling of national resources. Bad trade deals like the North American Free Trade Agreement and rules established by the World Trade Organization have undermined government controls on corporations and subsidies for agriculture and industry. The results have been devastating. Millions of farmers have been forced from their land, having to compete with subsidized corporate agriculture in the U.S. and Europe. Now they are migrating to

⁵ Williams, Robert, President, Vancity Capital Corp. “Bologna and Emilia Romagna, A Model of Economic Democracy,” pg. 12, June 2002, British Columbia Cooperative Association, Paper presented to annual meeting of the Canadian Economics Association, University of Calgary

⁶ *ibid*

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northern countries seeking a means to survive. Countries that have not caved to the sharks have been denied financial support from the WB and IMF or faced violent overthrow by U.S. sponsored terrorists.

In a recent Business Week article “Economists Rethink Free Trade”, even some of the most pro-Free Trade business people are coming to grips with the fact that maybe their trade deals weren't such a good idea after all. Matthew J. Slaughter, economist from Dartmouth University acknowledges that “...the share of Americans who are not included in the gains from trade may be very big.” The article also states that inflation-adjusted earnings have fallen in every educational category other than the 4% who hold doctorates or professional degrees.⁷

Presidents have been elected in Venezuela, Brazil, Chile, Argentina, Uruguay, Bolivia and Ecuador who have publicly criticized neoliberal policies, and have begun to implement alternative models of national development and trade between nations.

Bolivia has drafted the Peoples Free Trade Agreement (PTA). Based on the principles of complementarity, cooperation, solidarity, reciprocity, prosperity and respect for the sovereignty of each country. The proposal states that “absolute liberalization of markets and the 'shrinking of the state' are not the primary objectives, rather the well-being of the people is the primary objective.” Unlike the trade agreements designed by the Neos, the PTA incorporates objectives such as effective poverty reduction, preservation of indigenous communities, and respect for the environment.⁸

Bolivia, Haiti, Nicaragua, Cuba and Venezuela have forged an agreement for economic integration as an alternative to corporate-driven free trade agreements. The Bolivarian Alternative for the Americas (ALBA), is based on regional cooperation and functions almost as a bartering system at an international level. Through the agreement the countries establish integrated joint projects on education, health, food, energy and other issues. Another key aspect to ALBA is the formation of a Council of Social Movements, a vehicle for grassroots participation from throughout the Americas in decision-making.

From War and “Security” to Peace: Transitioning from the military economy – The most important and fundamental shift of the U.S. economy would be our divestment from empire building and the military industrial complex. Of the \$2.6 trillion federal budget, 54% goes to military expenditures. Meeting the basic needs of the country and the world will require a monumental shift away from military spending. While we are threatening to bomb or invade other countries allegedly to prevent them from developing nuclear weapons, the U.S. is constantly upgrading its nuclear arsenal and conducting research and development for unimaginable new weapons of mass destruction. The possibilities for the use of these public dollars are endless.

A whole new national economy could be built on a shift from war to addressing basic needs like national healthcare, infrastructure, rehabilitation for prisoners and war veterans, affordable

⁷ Sasseen, Jane, “Economists Rethink Free Trade”, Business Week, January 31, 2008

⁸ Morales, Evo, President of Bolivia, “A Peoples Trade Agreement” 2006

housing, reconstruction of the Gulf Coast, clean up of incredibly toxic waste sites owned by the military, governments and the private sector, and the transition from fossil-fuel dependency to sustainable energy.

From Energy Exploitation to Environmental Justice and Global Well-being: Transitioning from the fossil fuel economy – Indigenous communities are bearing a huge burden for the fossil fuel economy. The sovereignty of indigenous nations is under attack for the oil, gas, tar sands and coal that rest under many native lands. Extraction of these resources is taking a huge toll physically, culturally and economically on these communities. Poor white communities in Appalachia are facing similar struggles as coal companies strip away mountaintops to reach coal deposits, pulverizing the landscape and poisoning the rivers. Communities of color world-wide are already experiencing the effects of global warming – Micronesian and Caribbean communities are being displaced by rising tides that are rapidly inundating small island nations. Market-based solutions to the global crisis have proven effective only in providing political cover for polluters and transferring the burden of the climate crisis to poor communities and communities of color. It is clear that regulations and a fundamental shift from carbon-based energy are essential and must be implemented now. A massive investment in Green Jobs towards building an ecologically sustainable economy could also put millions of people to work.

Building Movement and Democracy

For us to achieve these and other significant changes it will require a new level of development of social movements in the United States. Our movements are fractured and divided by issue areas, geography, race and class. Building effective and principled alliances across sectors will be essential to achieving change at the national and international level. The dialogues at the first United States Social Forum in June of this year marked a hopeful turning point in defining different political visions for the U.S. A diverse crowd of more than twelve-thousand people gathered in Atlanta, GA. It was a grassroots convergence of people fighting in their communities for housing rights, economic justice, environmental justice, peace, women and queer liberation, the rights of workers and immigrants. The forum conveyed a sense of hope and of urgency, which was reflected in the theme: *Another World is Possible! Another World is Necessary!* The event was not covered by the mainstream media, and barely by the progressive press, but the continuing process of the USSF post-Atlanta and leading to the second USSF in 2010 will have a lasting impact.

In a previous blog for the Movement Vision Lab,⁹ I cited examples of models that are building electoral power and democracy at the local level. A report written by Ryo Awawatari at the University of Osaka in Japan demonstrates that there is a correlation between higher voter turnouts with fairer distribution of wealth and economic growth. Economic democracy benefits everyone. These changes are long-term but certainly within our reach.

⁹ See “Real Democracy in the Information Age.” Available online at:
<http://www.movementvisionlab.org/blog/real-democracy-in-the-information-age>

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Opportunities and Challenges

The signs are everywhere that the global economy and U.S. politics are due for a significant change. A powerful global justice movement has emerged over the past decade putting in check the neoliberal/neoconservative steamroller. New Latin American governments have come to power, buoyed by the strength of mass popular movements and openly challenging the neoliberal policies and military repression that have destroyed the economy of the continent. Although the next U.S. President will not radically change the political course of the country, for the first time in U.S. history there is a very real possibility that a woman or African American will hold the nation's highest office, signifying an openness to significant change among the U.S. electorate. The campaign of Barack Obama has energized youth and African Americans to vote in unprecedented numbers. Peoples' movements in the U.S. are gaining strength. Union membership increased in 2007 for the first time in over two decades. Community-based organizations have grown in numbers and sophistication, and gatherings like the US Social Forum signify greater potential for movements to overcome isolation and political divisions.

For 30 years, the road towards a just and sustainable societies was derailed by a small band of callous elites. They set us back for decades, but if we act now we can usher in a new era of humanity, drawing on the centuries of struggles and the many innovative models around the world. There is hope to build a democratic society from the ashes of neoliberalism.