

Neoliberalism is Disastrous Capitalism

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NEOLIBERALISM is a brainchild of Milton Friedman. In Naomi Klein's words, Friedman was "grand guru of the movement for unfettered capitalism." His theory influenced the post-1960s era. He argued it was not only the public services, industries and enterprises but also the public schools, hospitals and social security systems which reeked of socialism. In his polemic book *Capitalism and Freedom*, he said: "State's sole functions were to protect (our) freedom both from enemies outside our gates and also from (our) fellow-citizens: to preserve laws and order, to enforce private contracts to foster competitive markets." He chiefly sought to uproot theories of socialism, social progress and development economy that emphasize public security in general. Obviously, his theory inspired business elites to ensure control over State institutions. Nicknamed as 'disastrous capitalism,' his neoliberalism idea tremendously worked since the start of Reagan administration and it was again exposed in the wake of COVID-19, with devastating consequences.

Jevon Paradox

The 1930s recession of the American economy was smartly addressed through the collaboration of labor force, trade unions, socialist ideology, and public and private enterprises. These grassroots components made the State institutions work more vibrantly. This also led to emergence of a powerful rise of normally passive and marginalized segments of society such as women, youths, coloured and natives, minorities, trade unions and other parts of the underlying population, says Noam Chomsky. Coming to this point of time, Milton's neoliberalism seems to have reached a stage of Jevon Paradox - a state of apocalyptic capitalism, as described by Chris Hedge, a Pulitzer Award winner and correspondent of the NYT. In Jevon Paradox, state institutions lose their vitality to respond to the problems.

Milton's neoliberalism was brought in forth as a stratagem for defeating the post-1960 momentum of political and social populism in USA and elsewhere. The Trilateral Commission (TC) of intellectuals from North America, Europe and Japan, virtually headed by Samuel Huntington, saw people's post-1960 popular activism in politics as the excess of democracy and was regarded as dangerous. The Western political elites and business world, multinational corporations in specific, believed that the excess of democracy was a crisis in itself and a threat to the 'so-called well-functioning system of early days,' writes Chomsky. Huntington later confessed that it was exaggeration.

Neoliberalism was a theory inspired and induced by corporations. Its main intent was to crush Keynesianism, a developmental economy, socialism and right to self-determination advocated by decolonized nations. Klein rightly pointed - this was nothing but a scandal, indeed. Prof. Richard Wolff states, 'Neoliberalism was beyond capitalism and conservatism; it was in real 'corporatism.' As observed by Walter Dean Burnham, an American electoral expert, the practice of neoliberalism and the tri-lateralist theory of the excess of democracy did harvest many vile consequences—the total absence of a socialist or laborite mass party as an organised competitor in the electoral market being the most serious one, a lack that accounts, he continues, "for much of the class –skewed abstention (in politics) and downplaying of issues."

The situation was exactly similar in Nepal after 1990. Varieties of West-funded NGOs got involved in the labor organizations, transforming them into 'NGOs-controlled labor-clubs'. The World Bank, through its vile structural adjustment policies, intervened and transplanted neoliberal policies and laws into Nepali state institutions. There were two brands of intellectuals active in this mission - one group consisted of

NRN returnees and another was experts of government, who have come from financial domain and been truly brainwashed through various orientations, benefits and inducements. The first group mainly served the Nepali Congress-led governments while the second one successfully penetrated into both NC-and communist-led dispensations. Neoliberalism continues to spread its tentacles in Nepal even today.

Neoliberalism first dismantled the 'Keynesian and socialist models of economy,' implemented in the third world countries, targeting the constitutionally elected socialist governments and its programs. Gamel Abdel Nasser's government in Egypt became its first victim. One of the pioneering proponents of the Non-Aligned Movement, Nasser advocated 'nationalism based on the right to self-determination over national resources.' Then came the turn of Iraqi nationalist Prime Minister Abdul Karim Quasim, who was overthrown from the post and executed in 1963 for his clarion call to secure Iraqi oil and achieve independence, dignity and unity of Arabs.

The third victim was Sukarno of Indonesia, in 1965, who had sent the World Bank and International Monetary Fund packing for their blatant interference in the country's economic affairs. This resulted in the massacre of one million peasants with the direct participation of Western nations' intelligence agencies. In 1973, the elected socialist government of president Salvador Allende in Chile was brutally toppled down in a CIA-sponsored coup d'état. This marked a turning point in the application of Milton Friedman's "shock theory of neoliberalism," according to Klein. Friedman served as an advisor to Chilean Pinochet, who promptly implemented former's plan - privatization of education, health, communication system, mines, public transportation, industries and state enterprises, ending one of the best social security systems South America of the time.

Chilean example is quite comparable to Nepal's post-1990 phase marked by violent conflict, widespread corruption and misrule. The successive governments blindly pursued the neoliberal policy that led to the destruction of all agro-based state enterprises, thereby, creating a huge inequality between rural and urban Nepal. Nepal secured industrial growth by 16 per cent in a period between 1988 and 1997. But this plummeted to minus 4 per cent in 2002. If neoliberalism was supposed to promote the rule of law, good governance and economic development, then why did the country reel from a series of corruption scams and political instability? The local neoliberalists miserably failed to answer this question.

Moral crisis

Today, neoliberalism is facing existential and moral crisis. According to this year's Oxfam International report, around 2,500 billionaires hold wealth more than that of 4.5 billion people of the world. The US, forerunner of neoliberalism, could not save hundreds of thousands of its citizens from the COVID-19 infection. One has to pay \$30,000 to the private hospital for his/her medical treatment in the US. In Nepal too, the profit-driven private health centers acted callously as they turned away the visiting COVID-19 patients from outside their gates. Prof. Richard Wolff describes neoliberalist-capitalism as an unstable and fundamentally undemocratic system. The only baby it has been able to rear is the 'massive disparity of income and wealth distribution' among the people.