

Neoliberal Totalitarianism and the Social Contract

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Abstract

Analyzing aspects of the rightwing populist tide arising largely in reaction to the pluralistic-diversity model of neoliberalism, this essay examines the evolving social contract that normalizes systemic exploitation and repression in the name of capitalist growth. Amid incessant indoctrination by the media representing big capital, people try to make sense of whether their interests are best served under the pluralist-diversity model of globalist neoliberalism with a shrinking social welfare safety net, or an authoritarian-economic nationalist model promising salvation through the use of an iron hand against domestic and foreign enemies.

Socioeconomic polarization under the neoliberal social contract has laid the groundwork for political polarization clearly evident not just in President Donald Trump's America and Prime Minister Narendra Modi's India representing a rightwing populist neoliberal ideology, but France's President Emmanuel Macron's **La République En Marche** that espouses a pluralist-diversity-environmentalist model aiming at the same neoliberal goals as the populists. Whether under the pluralist or the authoritarian model, neoliberalism represents what Barrington Moore described in *Social Origins of Dictatorship and Democracy* (1966) a capitalist reactionary route that Italy, Japan, and Germany followed under totalitarian regimes in the interwar era to protect the capitalist class after the crisis that wars of imperialism (1870-1914) and WWI had created in core capitalist countries.

Although the world is much more thoroughly integrated under capitalism today than it was a century ago, the same marked absence of a revolutionary trend as there was in the interwar era is evident in our era. This accounts for the neoliberal revolution from above culminating in variations of authoritarian regimes throughout the world. This does not only signal a crisis in capitalism but social discontinuity that will precipitate sociopolitical instability as contradictions within the political economy foster polarization across all sectors of society.

Historical Introduction

Most people today have no reason to be familiar with the term "social contract" any more than they are familiar with neoliberalism that inordinately influences public policy on a world scale. For many analysts contemplating the relationship of the individual to organized society, the social contract is about the degree to which government advances a set of social and economic policies articulated by an ideology designed to benefit certain institutions and social groups, while safeguarding sovereignty in the name of the governed. The problem arises when the governed no longer view the social contract as legitimate, a point that John Locke addressed as this was a key issue in 17th century England right before the Glorious Revolution.

The social contract has its origins in the transition from subsistence agriculture of the feudal-manorial economy to commercial agriculture and long-distance trade under

capitalism in the 15th and 16th century. With the advent of the Scientific Revolution in the 17th century and the Enlightenment in the 18th century coinciding with England's first industrial revolution accounted for more rapid evolution of the division of labor, European intellectuals challenged the old social order based on birth-right privilege of the aristocracy representing the agrarian-based economy of the past. Changes taking place in the economy and social structure gave rise to bourgeois social contract theories that articulated a core role in the state for the merchant-banking class, especially in northwest Europe where mercantile capitalism consolidated.

As the ideological force of the English Glorious Revolution (1689), John Locke, the father of Western Liberalism, argued for a regime that reflected the emerging bourgeoisie inclusion into the political mainstream to reflect the commensurate role in the economy. Interestingly, Locke provided a philosophical justification for overthrowing the government when it acted against the interests of its citizens, thus influencing both the American War of Independence and the French Revolution. Building on Locke's liberal philosophy and views on the tyranny of absolutism, Jean-Jacques Rousseau wrote in *The Social Contract* (1762) that: "*Man is born free, but everywhere in chains.*" This statement reflected the views of many bourgeois thinkers who believed that modernization of society is not possible in the absence of a social contract that takes into account natural rights, an approach to government that would mirror a merit based criteria.

Departing from Locke's liberalism that had property ownership and individualism at the core of his political thought, in the *Discourse on Inequality*, (1754) Rousseau argued that property appropriation rests at the root of institutionalized inequality and oppression of individuals against the community. The role of the state plays a catalytic role for it as an "*association which will defend the person and goods of each member with the collective force of all.*" The basis of social contract theory accounts for the sovereign power's legitimacy and justice, thus resulting in public acceptance. (Jason Neideman, "*The Social Contract Theory in a Global Context*" <http://www.e-ir.info/2012/10/09/the-social-contract-theory-in-a-global-context/>; C. B. Macpherson. *The Political Theory of Possessive Individualism*, 1962)

Rooted in the ascendancy of the European bourgeoisie, social contract theory has evolved in the last three centuries, especially after the Revolutions of 1848 and the rise of the working class as a sociopolitical force demanding inclusion rather than marginalization and exploitation legalized through public policy that the representatives of capitalism legislated. The cooptation of the working class into bourgeois political parties as a popular base in the age of mass politics from the mid-19th century until the present has obfuscated the reality that social contract under varieties of parliamentary regimes continued to represent capital.

The creation of large enterprises gave rise not only to an organized labor movement, but to a larger bureaucratic regulatory state with agencies intended to help stabilize and grow capitalism while keeping the working class loyal to the social contract. Crisis in public confidence resulted not only from economic recessions and depressions built into the economy, but the contradictions capitalism was fostering in society as the benefits in advances in industry, science and technology accrued to the wealthy while the social structure remained hierarchical.

Ever since 1947 when the ideological father of neoliberalism Friedrich von Hayek called a conference in Mont Pelerin to address how the new ideology would replace Keynesianism, neoliberals have been promising to address these contradictions, insisting that eliminating the social welfare state and allowing complete market domination that would result in society's modernization and would filter down to all social classes and nations both developed and developing. Such thinking is rooted in the modernization theory that emerged after WWII when the US took advantage of its preeminent global power to impose a transformation model on much of the non-Communist world. Cold War liberal economist Walt Rostow articulated the modernization model of development in his work entitled *The Stages of Economic Growth: A Non-Communist Manifesto*, 1960. By the 1970s, neoliberals adapted Rostow's modernization theory as their bible and the core of the social contract. (Evans Rubara, "Uneven Development: Understanding the Roots of Inequality"

<https://www.pambazuka.org/governance/uneven-development-understanding-roots-inequality>

The challenge for the political class has always been and remains to mobilize a popular base that would afford legitimacy to the social contract. The issue for mainstream political parties is not whether there is a systemic problem with the social contract intended to serve the capitalist class, but the degree to which the masses can be co-opted through various methods to support the status quo. *"A generation ago, the country's social contract was premised on higher wages and reliable benefits, provided chiefly by employers. In recent decades, we've moved to a system where low wages are supposed to be made bearable by low consumer prices and a hodgepodge of government assistance programs. But as dissatisfaction with this arrangement has grown, it is time to look back at how we got here and imagine what the next stage of the social contract might be."*

<https://www.theatlantic.com/business/archive/2013/12/the-past-and-future-of-americas-social-contract/282511/>

Considering that Keynesianism and neoliberalism operate under the same social structure and differ only on how best to achieve capital formation while retaining sociopolitical conformity, the article above published in *The Atlantic* illustrates how analysts/commentators easily misinterpret nuances within a social contract for the covenant's macro goals. A similar view as that expressed in *The Atlantic* is also reflected in the *New America Foundation's* publications, identifying specific aspects of Arthur Schlesinger's Cold War militarist policies enmeshed with social welfare Keynesianism as parts of the evolving social contract.

<https://www.newamerica.org/economic-growth/policy-papers/the-american-public-and-the-next-social-contract/>

Identifying the social contract with a specific set of policies under different administrations evolving to reflect the nuances of political class and economic elites, some analysts contend that there is a European Union-wide social contract to which nationally-based social contracts must subordinate their sovereignty. This model has evolved to accommodate neoliberal globalism through regional trade blocs on the

basis of a 'patron-client' integration relationship between core and periphery countries.

A European export and integral part of cultural hegemony in the non-Western world, the liberal-bourgeois social contract for the vast majority of Africans has failed to deliver on the promise of socioeconomic development, social justice and national sovereignty since independence from colonial rule. Just as in Africa, the Asian view of the social contract is that it entails a liberal model of government operating within the capitalist system rather than taking into account social justice above all else. Embracing pluralism and diversity while shedding aspects of authoritarian capitalism associated with cronyism and the clientist state, the view of the Asian social contract is to subordinate society to neoliberal global integration and work within the framework of Western-established institutions. In each country, traditions governing social and political relationships underlie the neoliberal model. (Sanya Osha, *The Social Contract in Africa*, 2014;

<https://www.ecb.europa.eu/press/key/date/2013/html/sp130302.en.html>;
<http://www.mei.edu/content/map/myanmar-transition-social-control-social-contract>)

Despite far reaching implications for society and despite the political and business class keen awareness of neoliberalism, most people around the world are almost as perplexed by the term neoliberalism as they are with social contract theory that is outside the public debate confined to the domain of political philosophy. Many associate neoliberalism with Ronald Reagan supporter Milton Friedman and the 'Chicago School', rarely mentioning the political dimension of the economic philosophy and its far-reaching implications for all segments of society. In an article entitled "*Neoliberalism – the ideology at the root of all our problems*" *The Guardian* columnist George Monbiot raised a few basic questions about the degree to which the public is misinformed when it comes to the neoliberal social contract under which society operates.

"Neoliberalism: do you know what it is? Its anonymity is both a symptom and cause of its power. It has played a major role in a remarkable variety of crises: the financial meltdown of 2007-2008, the offshoring of wealth and power, of which the Panama Papers offer us merely a glimpse, the slow collapse of public health and education, resurgent child poverty, the epidemic of loneliness, the collapse of ecosystems, the rise of Donald Trump. But we respond to these crises as if they emerge in isolation, apparently unaware that they have all been either catalysed or exacerbated by the same coherent philosophy; a philosophy that has – or had – a name. What greater power can there be than to operate namelessly?"

<https://www.theguardian.com/books/2016/apr/15/neoliberalism-ideology-problem-george-monbiot>

Advocates of neoliberalism, both from the pluralist-social welfare wing and the rightwing populist camp, have succeeded in institutionalizing the new social contract which has transformed the historically classical notion of individual freedom based on the Enlightenment concept of natural rights into freedom of capitalist hegemony over the state and society. Whether operating under the political/ideological umbrella of pluralism-environmentalism in Western nations, combined with some version of a

Keynesian social welfare pluralist model, with rightwing populism or authoritarianism in one-party state, political and corporate elites advancing the neoliberal model share the same goal with regard to capital formation and mainstream institutions.

<http://journals.sagepub.com/doi/abs/10.1177/0896920516668386>;
<https://www.counterpunch.org/2015/10/23/culture-of-cruelty-the-age-of-neoliberal-authoritarianism/>; <http://journals.sagepub.com/doi/abs/10.1177/0896920516668386>

Weakening the social welfare corporatist state model by reaching political consensus among mainstream political parties by the late 1980s-early 1990s, whether operating under a centrist-pluralist or conservative party, neoliberals have been using the combination of massive deregulation with the state providing a bailout mechanism when crisis hits; fiscal policy that transfers income from workers and the middle class – raising the public debt to transfer wealth from the bottom 90% to the wealthiest 10% -; providing corporate subsidies and bailouts; and privatizing public projects and services at an immense cost to the declining living standards for the middle class and workers.

As much in the US as in other developed nations beginning in the 1980s, the neoliberal state has become status quo by intentionally weakening the social welfare state and redefining the social contract throughout the world. Working with large banks and multilateral institutions such as the International Monetary Fund (IMF) and World Bank that use loans as leverage to impose neoliberal policies around the world in debtor nations desperate to raise capital for the state and attract direct foreign investment, the advanced capitalist countries impose the neoliberal social contract on the world.

As reflected in the integrated global economy, the neoliberal model was imbedded in IMF stabilization and World Bank development loans since the late 1940s. After the energy crisis of the mid-1970s and the revolutions in Iran and Nicaragua in 1979, international developments that took place amid US concerns about the economy under strain from rising balance payments deficits that could not accommodate both ‘military Keynesianism’ (deficit spending on defense as a means of boosting the economy) and the social welfare system, neoliberalism under the corporate welfare state emerged as the best means to continue strengthening capitalism. (J. M. Cypher, “From Military Keynesianism to Global-Neoliberal Militarism”, *Monthly Review* Vol. 59, No. 2, 2007; Jason Hickel, *A Short History of Neoliberalism*,

http://www.newleftproject.org/index.php/site/article_comments/a_short_history_of_neoliberalism_and_how_we_can_fix_it

Everything from government agencies whose role is strengthening capital, to public schools and hospitals emulating the market-based management model and treating patients and students as customers, the neoliberal goal is comprehensive market domination of society. Advocates of the neoliberal social contract no longer conceal their goals behind rhetoric about liberal-democratic ideals of individual freedom and the state as an arbiter to harmonize the interests of social classes. The market unequivocally imposes its hegemony not just over the state but on all institutions, subordinating peoples’ lives to market forces and equating those forces with democracy and national sovereignty. In pursuit of consolidating the neoliberal model

on a world scale, the advocates of this ideology subordinate popular sovereignty and popular consent from which legitimacy of the state emanates to capital. <http://www.rhizomes.net/issue10/introren.htm>

As an integral part of the social environment and hegemonic culture reflecting the hierarchical class structure and values based on marginalization, the neoliberal social contract has become institutionalized in varying degrees reflecting the more integrative nature of capitalism after the fall of the Communist bloc coinciding with China's increased global economic integration. Emboldened that there was no competing ideology from any government challenging capitalism, neoliberals aggressively pursued globalization under the deregulation-corporate welfare anti-labor model.

Some countries opted for mixed policies with a dose of quasi-statist policies as in the case of China. Others retained many aspects of the social welfare state as in the case of EU members, while some pursue authoritarian capitalism within a pluralistic model. Still other nations in the Middle East, Africa, and Asia where pluralism and multi-party traditions are not very strong, neoliberal policies are tailored to clientist politics and crony capitalism. In all cases, 'market omnipotence theory' is the catalyst under the umbrella of the neoliberal social contract.

<http://foreignpolicy.com/2013/11/12/the-mother-of-all-experiments-in-authoritarian-capitalism-is-about-to-begin/>

Ideology, the Neoliberal State, and the Social Contract

Just as religion was universally intertwined with identity, projection of self-image in the community and the value system in the Age of Faith (500-1500), secular ideology in the modern world fulfills somewhat a similar goal. Although neoliberalism has been criticized as a secular religion precisely because of its dogmatism regarding market fundamentalism, especially after 2013 when Pope Francis dismissed it as idolatry of money that attempts to gloss over abject socioeconomic inequality on a world scale, capitalists and the political class around the world have embraced some aspects if not wholeheartedly neoliberal ideology.

<https://economicsociology.org/2014/12/25/pope-francis-against-neoliberalism-finance-capitalism-consumerism-and-inequality/>

In the early 21st century arguments equating the rich with societal progress and vilifying the poor as social stigma indicative of individual failure are no different than arguments raised by apologists of capitalism in the early 19th century when the British Parliament was debating how to punish the masses of poor that the industrial revolution had created. In defending tax cuts to the wealthy, Republican Senator Chuck Grassley stated: "*I think not having the [estate tax](#) recognizes the people that are investing — as opposed to those that are just spending every darn penny they have, whether it's on booze or women or movies.*"

https://www.huffingtonpost.com/entry/grassley-estate-taxes-booze-women_us_5a247d89e4b03c44072e5a04; The US senator's argument could easily be heard in early 19th century England. Blaming the poor for structural poverty which capitalism causes has become widespread since the early 1980s. This is because of government efforts to dismantle the welfare state as a social safety net and transfer

resources for tax cuts to the wealthiest individuals.

<https://www.globalresearch.ca/blaming-the-poor-for-poverty/535675>

Rooted in classical liberal ideology, neoliberalism rests on laissez-faire and social Darwinist principles that affirm societal progress as defined by materialist self-interest. Because private financial gain is the sole measure of success and virtue, neoliberals demand that the state and international organizations must remove impediments to capital accumulation nationally and internationally no matter the consequences to the non-propertied classes. Aiming for more than mere mechanical compliance, the goal of the ideology is to create the illusion of the neoliberal self that lives, breathes, and actualizes neoliberal myths in every aspect of life from a person as a worker to consumer and citizen.

Jim McGuigan argues that *“the transition from organised capitalism to neoliberal hegemony over the recent period has brought about a corresponding transformation in subjectivity. ... Leading celebrities, most notably high-tech entrepreneurs, for instance, operate in the popular imagination as models of achievement for the aspiring young. They are seldom emulated in real life, however, even unrealistically so. Still, their famed lifestyles and heavily publicised opinions provide guidelines to appropriate conduct in a ruthlessly competitive and unequal world.”* (Jim McGuigan: ‘The Neoliberal Self’, Culture Unbound, Volume 6, 2014; <http://www.cultureunbound.ep.liu.se/v6/a13/cu14v6a13.pdf>)

By offering the illusion of integration to those that the social structure has marginalized while trying to indoctrinate the masses that the corporate state is salvation and the welfare state is the enemy to default all of society’s problems, the neoliberal ideology has captured the imagination of many in the middle class and even some in the working class not just in the West but around the world and especially in former Communist bloc countries where people entertained an idealized version of bourgeois liberal society. (S. Gill, *“Pessimism of Intelligence, Optimism of Will”* in *Perspectives on Gramsci*, ed. by Joseph Francene 2009)

Similar to liberalism in so far as it offers something for which to hope, neoliberalism is a departure when it decries the state as an obstacle to capitalist growth not only because of regulatory mechanisms and as an arbiter in society that must placate the masses with social programs, but even as a centralized entity determining monetary and fiscal policy. Proponents of neoliberalism demand turning back the clock to the ideology that prevailed among capitalists and their political supporters at the dawn of the Industrial Revolution when there were no state mechanisms to regulate labor conditions, mining operations and the environment, food and drugs, etc. From a dogmatic market fundamentalist perspective, the market transcends national borders and supersedes the state, thus the principal form of governance revolves around furthering capital accumulation.

Not only is there an absence of a social conscience not so different than what prevailed in the nascent phase of industrial capitalism, but there is disdain of social responsibility on the part of capital beyond the realm of tax-deductible charity donations and voluntarism. More significant, neoliberals believe that capital is entitled to appropriate whatever possible from society because the underlying assumption of corporate welfare entitlement is built into the neoliberal ideology that identifies the

national interest with capital and labor as the enemy of capital accumulation. (K. Farnsworth, *Social vs. Corporate Welfare*, 2012)

The irony in all of this is that in 2008 the world experienced the largest and deepest recession since the 1930s precisely because of neoliberal policies. However, its advocates insisted that the recession was caused we did not have enough deregulation, privatization, corporate welfare and low taxes on capital rather than going too far with such an extreme ideology whose legal and illegal practices that led to the global recession. Even more ironic neoliberal ideology blames the state - central banks, legislative branch and regulatory agencies - rather than the economic system for the cyclical crisis. <https://cgd.leeds.ac.uk/events/2008-global-financial-crisis-in-a-long-term-perspective-the-failure-of-neo-liberalism-and-the-future-of-capitalism-2/>

Because the state puts the interests of a tiny percentage of the population above the rest of society, it is a necessary structure only in so far as it limits its role to promoting capital formation by using any means to achieve the goal. Whether under a pluralistic-diversity political model or an authoritarian one, neoliberalism is anti-democratic because as Riad Azar points out, “*The common denominator is the empowering of elites over the masses with the assistance of international forces through military action or financial coercion—a globalized dialectic of ruling classes.*” <http://newpol.org/content/neoliberalism-austerity-and-authoritarianism>

From conservative and liberal to self-described Socialist, political parties around the world have moved ideologically farther to the right in order to accommodate neoliberalism as part of their platform. The challenge of the political class is to keep people loyal to the neoliberal ideology; a challenge that necessarily forces political parties to be eclectic in choosing aspects of other ideological camps that appeal to voters. While embracing corporate welfare, decrying social welfare is among the most glaring neoliberal contradiction of an ideology that ostensibly celebrates non-state intervention in the private sector. This contradiction alone forces neoliberal politicians of all stripes and the media to engage in mass distraction and to use everything from identity politics ideologies to cult of personality, and culture wars and ‘clash of civilization’ theories. <https://www.telesur.tv/net/english/opinion/How-the-Democrats-Became-The-Party-of-Neoliberalism-20141031-0002.html>; <https://www.opendemocracy.net/uk/paul-emery/why-on-earth-would-socialists-support-neoliberal-undemocratic-eu>

To justify why self-proclaimed socialist and democratic parties have embraced neoliberalism, many academics have provided a wide range of theories which have in fact helped solidify the neoliberal ideology into the political mainstream. Among the countless people swept up by the enthusiasm of the Communist bloc’s fall and China’s integration into the world capitalist economy, Daniel Bell, *The End of Ideology* (2000), argued that the world returned to old religious and ethnic conflicts around which ideologies of the new century were molded.

Encouraged by China’s integration into the global capitalist system, in September 2006 Bell wrote: “*It's the end of ideology in China. Not the end of all ideology, but the end of Marxist ideology. China has many social problems, but the government and its people will deal with them in pragmatic ways, without being overly constrained by ideological boundaries. I still think there's a need for a moral*

foundation for political rule in China - some sort of guiding ideal for the future - but it won't come from Karl Marx." <https://prezi.com/kha1ketnfjtd/ideology-in-everyday-life/>

Such hasty pronouncements and others in works like Francis Fukuyama's *The End of History* expressed the Western bourgeois sense of relief of an integrated world under the Western-dominated neoliberal ideology that would somehow magically solve problems the Cold War had created. While Bell, Fukuyama and others celebrated the triumphant era of neoliberal ideology, they hardly dealt with the realities that ideology in peoples' lives emanates from mainstream institutions manifesting irreconcilable contradictions. A product molded by the hegemonic political culture, neoliberal ideology has been a factor in keeping the majority in conformity while a small minority is constantly seeking outlets of social resistance, some within the neoliberal rightwing political mold. <https://www.theguardian.com/books/2014/mar/21/bring-back-ideology-fukuyama-end-history-25-years-on>

As catalyst to mobilize the masses, nationalism remains a strong aspect of ideological indoctrination that rightwing populist neoliberals have used blaming immigrants, Muslims, women, gays, environmentalists, and minorities for structural problems society confronts resulting from the political economy. Although there are different political approaches about how best to achieve neoliberal goals, ideological indoctrination has always played an essential role in keeping people loyal to the social contract. However, the contradiction in neoliberal ideology is the need for a borderless world and the triumph of capital over the nation-state while state policies harmonize disparate capitalist interests within the nation-state and beyond it. If neoliberal ideology tosses aside nationalism then it deprives itself of a mechanism to mobilize the masses behind it. <https://left-flank.org/2011/01/16/the-curious-marriage-of-neoliberalism-and-nationalism/>

Arguing that the 'Ideological State Apparatuses' (ISA) such as religious and educational institutions among others in the private sector perpetuate the ideology of the status quo, Louis Pierre Althusser captured the essence of state mechanisms to mobilize the masses. However, ideology is by no means the sole driving force in keeping people loyal to the social contract. While peoples' material concerns often dictate their ideological orientation, it would be hasty to dismiss the role of the media along with hegemonic cultural influences deeply ingrained into society shaping peoples' worldview and keeping them docile.

Building on Althusser's theory of how the state maintains the status quo, Goran Therborn (*Ideology of Power and the Power of Ideology*, 1999) argues that the neoliberal state uses ideological domination as a mechanism to keep people compliant. Combined with the state's repressive mechanisms – police and armed forces – the ideological apparatus engenders conformity wherein exploitation and repression operate within the boundaries that the state defines as 'legal', thus 'normal' for society. A desirable goal of regimes ranging from parliamentary to Mussolini's Fascist Italy (1922-1943) and clerical Fascism under Antonio de Oliveira Salazar's Portugal (1932-1968), legalized repressive mechanisms have become an integral part of neoliberal ideological domination.

<http://notevenpast.org/louis-althusser-on-interpellation-and-the-ideological-state-apparatus/>; <https://isreview.org/issue/99/althussers-theory-ideology>; Jules Boykoff,

“Limiting Dissent: The Mechanisms of State Repression in the USA” Social Movement Studies,” Vo. 6, No 3, 2007)

It is part of the neoliberal ideology that markets dictate the lives of people in every respect from cradle to grave where self and identity are inexorably intertwined. Striving to determine public policy in all its phases of the individual's life, of localities, nationally and internationally, the market has no other means to retain hegemony in society and pursue capital formation with the fewest possible obstacles. Neoliberals justify such an ideology on the basis that modernization of society transcends not just social justice but societal collective welfare when measured against private gain.

https://www.salon.com/2016/03/27/good_riddance_gig_economy_uber_ayn_rand_and_the_awesome_collapse_of_silicon_valleys_dream_of_destroying_your_job/;
<https://www.greeneuropeanjournal.eu/neoliberalism-has-eviscerated-the-fabric-of-social-life/>

The unchecked role of neoliberal capitalism in every aspect of the social fabric runs the risk of at the very least creating massive social, economic and political upheaval as was the case with the great recession of 2008 preceded by two decades of neoliberal capitalism taking precedence over the welfare regulatory state whose role is to secure and/or retain equilibrium in global markets. In *The Great Transformation*, (1944)", Karl Polanyi argued that: *“To allow the market mechanism to be sole director of the fate of human beings and their natural environment...would result in the demolition of society.”*

Because Polanyi lived through the Great Depression era of the New Deal and the rise and fall of the Axis Powers, he was optimistic that a return to the 1920s would not take root after WWII. Polanyi accepted Hegel's view of the social contract that the state preserves society by safeguarding general or universal interests against particular ones. However, we have been witnessing the kind of demolition of society Polanyi feared because of unchecked market forces. This is in part because the demise of the Communist bloc and the rise of China as a major economic power emboldened advocates of neoliberal ideology.

With the realization of US long road to decline at the end of the Vietnam War, neoliberal elites prevailed that the crisis of American leadership could be met with the elimination of Keynesian ideology and the adoption of neoliberalism as tested by the Chicago School in Chile under the US-backed dictatorship of Augusto Pinochet from 1973 to 1990. That the neoliberal ideology became an experiment tested in a US-backed military dictatorship in South America is itself revealing about what the nature of the social contract once implemented even in pluralistic societies where there was popular and political support for Keynesianism. Characteristic of a developing nation like Chile was external dependence and a weak state structure, thus easily manipulated by domestic and foreign capital interested in deregulation and further weakening of the public sector as the core of the social contract.

<https://www.thenation.com/article/the-chicago-boys-in-chile-economic-freedoms-awful-toll/>;
https://www.salon.com/2010/03/02/chicago_boys_and_the_chilean_earthquake/

“The withering away of national states and the wholesale privatization of state-owned enterprises and state-administered services transferred highly profitable monopolies to capitalists, and guaranteed the repayment of the foreign debt-contracted, as in Argentina, Brazil, Chile, and Uruguay-by irresponsible, corrupt, and de facto military rulers. Neoliberalism supplied the general justification for the transfer of public assets and state-owned enterprises, paid for with public savings, even in areas considered “taboo” and untouchable until a few years ago, such as electricity, aviation, oil, or telecommunications. (Atilio A. Boron, “Democracy or Neoliberalism?” <http://bostonreview.net/archives/BR21.5/boron.html>

Advocating the systematic dismantling of the social welfare state in the name of upholding the virtues of individualism while strengthening of corporate welfare capitalism in the name of economic growth on global scale, advocates of neoliberal ideology were emboldened by the absence of a competing ideology after the fall of the Soviet bloc and China’s capitalist integration. As the income gap widened and globalization resulted in surplus labor force amid downward pressure on wages, a segment of the social and political elites embraced a rightwing populist ideology as a means of achieving the neoliberal goals in cases where the pluralist ideological model was not working. The failure of neoliberal policies led some political and business elites to embrace rightwing populism in order to save neoliberalism that had lost support among a segment of society because of its association with centrist and reformist cultural-diversity pluralist neoliberals. This trend continues to gain momentum exposing the similarities between neoliberalism and Fascism. (David Zamora, “When Exclusion Replaces Exploitation: The Condition of the Surplus-Population under Neoliberalism” <http://nonsite.org/feature/when-exclusion-replaces-exploitation>.

Neoliberalism and Fascism

a. The role of the state

Unprecedented for a former president, on 10 December 2017 Barak Obama warned Americans not to follow a Nazi path. A clear reference to president Trump and the Republican Party leading America in that direction with rhetoric and policies that encourage ‘culture war’ (*kulturkampf* – struggle between varieties of rightwingers from evangelicals to neo-Nazis against secular liberals), Obama made reference to socioeconomic polarization at the root of political polarization.

“The combination of economic disruption, cultural disruption — nothing feels solid to people — that’s a recipe for people wanting to find security somewhere. And sadly, there’s something in all of us that looks for simple answers when we’re agitated and insecure. The narrative that America at its best has stood for, the narrative of pluralism and tolerance and democracy and rule of law, human rights and freedom of the press and freedom of religion, that narrative, I think, is actually the more powerful narrative. The majority of people around the world aspire to that narrative, which is the reason people still want to come here.” https://www.huffingtonpost.com/entry/obama-warns-americans-against-following-in-the-path-of-nazi-germany_us_5a2c032ce4b0a290f0512487

Warning about the road to Nazism, Obama drew distinctions between the Democratic Party’s brand of pluralist neoliberalism and Trump’s rightwing populist model.

Naturally, Obama did not mention that both models seek the same goals, or that policies for which he and his predecessor Bill Clinton pursued drove a segment of the population toward the authoritarian neoliberal model that offers the illusion of realizing the American Dream. Distancing themselves from neo-Fascists, mainstream European political leaders embracing the pluralist model under neoliberalism have been as condemnatory as Obama of rightwing populism's pursuit of 'culture war' as a precursor to Fascism.

Accusing Trump of emboldening varieties of neo-Fascists not just in the US and EU but around the globe, European neoliberal pluralists ignored both the deep roots of Fascism in Europe and their own policies contributing to the rise of neo-Fascism. Just as with Obama and his fellow Democrats, European neoliberal pluralists draw a very sharp distinction between their version of neoliberalism and rightwing populism that either Trump or Hungary's Viktor Orban pursue. Neoliberal pluralists argue that rightwing populists undercut globalist integration principles by stressing economic nationalism although it was right nationalists Margaret Thatcher and Ronald Reagan that engaged in wholesale implantation of neoliberal policies.

<https://bpr.berkeley.edu/2017/02/28/the-myths-of-far-right-populism-orbans-fence-and-trumps-wall/>

Rightwing populism under Ronald Reagan as the first president to implement neoliberal policies emerged as a reaction to the prospect that the Western-based core of capitalism was weakening as a result of a multi-polar world economy. Whereas in the middle of the 20th century the US enjoyed balance of payments surpluses and was a net creditor with the dollar as the world's strongest reserve currency and the world's strongest manufacturing sector, in 2017 the US is among the earth's largest debtor nations with chronic balance of payments deficits, a weak dollar with a bleak future and an economy based more on parasitic financial speculation and massive defense-related spending and less on productive sectors that are far more profitable in Asia and developing nations with low labor costs. (Jon Kofas, *Independence from America: Global Integration and Inequality*, 2005, 40-54)

Exerting enormous influence by exporting its neoliberal ideological, political, economic and cultural influence throughout the world, the US-imposed transformation model has resulted in economic hardships and political and social instability in Latin America, Africa and Asia. Institutionalizing neoliberalism under rightwing populism and using Trump as the pretext to do so, the US is leading nations around the world to move closer to neo-Fascism, thus exposing neoliberalism as totalitarian. The recognition by the political class and business class that over-accumulation is only possible by continued downward wage pressure has been a key reason that a segment of the population not just in the US but across EU has supported populist rightwing and/or neo-fascists.

<https://www.foreignpolicyjournal.com/2015/01/24/exporting-fascism-us-imperialism-in-latin-america/>; <https://www.theguardian.com/books/2017/feb/03/americanism-us-writers-imagine-fascist-future-fiction>;

http://www.softpanorama.org/Skeptics/Political_skeptic/Corporatism_neofascism.shtml;

Bertram Gross, *Friendly Fascism: The New Face of Power in America*, 1999.

Rejecting the claim of any similarities between neoliberalism and Fascism, neoliberal apologists take pride that their apparent goal is to weaken the state, by which they

mean the Keynesian welfare state, not the ‘military Keynesian’ and corporate welfare state. By contrast, Fascists advocated a powerful state – *everything within the state, nothing outside the state, nothing against the state*. American neoliberals of both the pluralist and rightwing camps have created a societal model not just in one nation like Mussolini and Hitler but globally with the result of: “*everything within neoliberalism, nothing against neoliberalism, nothing outside neoliberalism*.”

Neoliberal totalitarianism finds different expression in the US than in India, in Hungary than in Israel. In “*Neoliberal Fascism: Free Markets and the Restructuring of Indian Capitalism*,” Shankar Gopalakrishnan observed that exclusive Hindu nationalism has been the catalyst for rightwing neoliberalism to mobilize popular support. “*Hindutva [a term coined by Vinayak Damodar Savarkar in 1923 to assert exclusive Hindu dominance] is seen as an effort by neoliberalism, or perhaps more broadly by capitalism, to divert attention from class conflict, to divide and weaken working class struggles and to deflect class-driven anxieties on to minority communities. This approach is problematic in two senses. First, it does not explain why Hindutva organisations are able to develop a mass base, except to the extent that they are seen to be appealing to “historical identity” or “emotive” issues. The state exists **only** as the expression and guarantor of a collectivity founded around a transcendent principle: The ideal state is the guarantor of the Hindu rashtra, a “nation” that exists as an organic and harmonious unity between “Hindus.*”

<https://mronline.org/2008/11/14/neoliberalism-and-hindutva-fascism-free-markets-and-the-restructuring-of-indian-capitalism/>

Whereas under Ronald Reagan’s neoliberal populist policies (Reaganism) under a rightwing political umbrella the state structure was strengthened in the US, in the process of implementing neoliberal policies state bureaucratic functions have been outsourced to private companies thus keeping with the spirit of corporate-welfare goals. Other countries followed a path similar to the one of the US. Contrary to the claims of many neoliberal scholars, politicians and commentators, neoliberalism has not weakened the state simply because the ideology lays claims to a hegemonic private sector and weak state. It is true that the Keynesian-welfare state structure has been weakened while the corporate-welfare-militarist-police-state structure has been strengthened. However, in the less developed capitalist countries the public sector has weakened as a result of the US and EU imposing the neoliberal model which drains the public sector of any leverage in stimulating economic and social development investment because of the transfer of public assets and public services to the private sector. (<http://jgu.edu.in/article/indias-neoliberal-path-perdition>; Monica Prasad, *The Politics of Free Markets*, 2006)

Gaspar Miklos Tamas, a Romanian political philosopher of the George Lukacs-inspired Budapest School, argues that global division of labor in the neoliberal era has not only resulted in wealth transfer from the bottom up but it has diminished national sovereignty and citizenship for those in less developed (periphery) nations. “*The new dual state is alive and well: Normative State for the core populations of the capitalist center, and another State of arbitrary decrees for the non-citizens who are the rest. Unlike in classical fascism, this second State is only dimly visible from the first. The radical critique protesting that liberty within the Normative State is an illusion, although understandable, is erroneous. The denial of citizenship based not on exploitation, oppression and straightforward discrimination, but on mere exclusion*

and distance, is difficult to grasp, because the mental habits of liberation struggle for a more just redistribution of goods and powers are not applicable. The problem is not that the Normative State is becoming more authoritarian: rather, that it belongs only to a few.” https://www.opendemocracy.net/people-newright/article_306.jsp

If the normative state is the domain of the very few with the rest under the illusion of inclusion, Miklos Tamas concludes that we are living in a global post-fascist era which is not the same as the interwar totalitarian model based on a mass movement of Fascism. Instead, neoliberal totalitarianism categorically rejects the Enlightenment tradition of citizenship which is the very essence of the bourgeois social contract. While the normative state in advanced countries is becoming more authoritarian with police-state characteristics, the state in the periphery whether Eastern Europe, Latin America or Africa is swept along by neoliberal policies that drive it toward authoritarianism as much as the state in Trump’s America as in parts of Europe to the degree that in January 2018 Angela Merkel’s Christian Democratic Union (CDU) faced the prospect either of new elections or entering into a coalition with the neo-Nazi *Alternative fur Deutschland* (AfD). <https://www.prosper.org.au/2010/05/25/the-counter-enlightenment/>

The rightwing course of the Western World spreading into the rest of the world is not only because of IMF austerity used as leverage to impose neoliberalism in developing nations. Considering that countries have been scrambling to attract foreign investment which carries neoliberal policies of deregulation, privatization, weak trade unions and low taxes as a precondition, the entire world economic system is the driving force toward a form of totalitarianism. As Miklos Tamas argues, this has diluted national sovereignty of weaker countries, allowing national capitalists and especially multinational corporations to play a determining role in society against the background of a weak state structure. Along with weakened national sovereignty, national citizenship in turn finds expression in extreme rightwing groups to compensate for loss of independence as the bourgeois social contract presumably guarantees. (Aihwa Ong, *Neoliberalism as Exception: Mutations in Citizenship and Sovereignty*, 2006; <http://www.e-ir.info/2012/08/22/globalization-does-not-entail-the-weakening-of-the-liberal-state/>)

It is undeniable that there is a qualitative difference in Berlin and Rome under neoliberal regimes today than it was under Fascism. It would be a mistake to lump a contemporary neoliberal society together with the Third Reich and Fascist Italy, a dreadful and costly mistake that Stalinists made in the 1930s. Interwar totalitarianism existed under one-party state with a popular base operating as a police state. Although many countries under varieties of neoliberal regimes have an electoral system of at least two parties alternating power, the ruling parties pursue neoliberal policies with variations on social and cultural issues (identity politics), thus operating within the same policy framework impacting peoples’ living standards.

Not just leftist academic critics, but even the progressive democratic *Salon* magazine recognized during the US election of 2016 that the neoliberal state would prevail regardless of whether Trump or Clinton won the presidential contest. “*Neoliberalism presumes a strong state, working only for the benefit of the wealthy, and as such it has little pretence to neutrality and universality, unlike the classical liberal state. I would go so far as to say that neoliberalism is the final completion of capitalism’s long-nascent project, in that the desire to transform everything—every object, every*

living thing, every fact on the planet—in its image had not been realized to the same extent by any preceding ideology.

<https://www.salon.com/2016/06/06/>

[this_is_our_neoliberal_nightmare_hillary_clinton_donald_trump_and_why_the_market_and_the_wealthy_win_every_time/](https://www.salon.com/2016/06/06/this_is_our_neoliberal_nightmare_hillary_clinton_donald_trump_and_why_the_market_and_the_wealthy_win_every_time/)

In neoliberal society either of the pluralist-diversity or of the authoritarian political camp there are elements of *polizeistaat* though not nearly full blown as in the Third Reich. While conformity to the status quo and self-censorship is the only way to survive, modern means of communication and multiple dissident outlets attacking the status quo from the right, which is far more pervasive and socio-politically acceptable than doing so from the left, has actually facilitated the evolution of the new totalitarian state. <http://www.thegreatregression.eu/progressive-neoliberalism-versus-reactionary-populism-a-hobsons-choice/>

Whereas big business collaborated closely with Fascist dictators from the very beginning to secure the preeminence of the existing social order threatened by the crisis of democracy created by capitalism, big business under the neoliberal social contract has the same goal, despite disagreement on the means of forging political consensus. Partly because neoliberalism carries the legacy of late 19th century liberalism and operates in most countries within the parliamentary system, and partly because of fear of grassroots social revolution, a segment of the capitalist class wants to preserve the democratic façade of the neoliberal social contract by perpetuating identity politics. In either case, ‘economic fascism’ as the essence of neoliberalism, or *post-fascism* as Miklos Tamas calls it, is an inescapable reality. (Andrea Micocci and Flavia Di Mario, *The Fascist Nature of Neoliberalism*, 2017).

In distinguishing the composition and goals of the parliamentary state vs. the Fascist one-party state, Italian Fascism’s theoretician Giovanni Gentile characterized it as ‘totalitario’; a term also applied to Germany’s Third Reich the latter which had the added dimension of anti-Semitism as policy. Arguing that ideology in the Fascist totalitarian state had a ubiquitous role in every aspect of life and power over people, Gentile and Mussolini viewed such state as the catalyst to a powerful nation-state that subordinates all institutions and the lives of citizens to its mold. In *“La Dottrina del Fascismo”* (Gentile and Mussolini, 1932), Mussolini made famous the statement: *“Everything within the state, nothing outside the state, nothing against the state,”* although Hitler’s *polizeistaat* was more totalitarian because it had the means to achieve policy goals stated in *Mein Kampf*.

The convergence of neoliberalism and Fascism is hardly surprising when one considers that both aim at a totalitarian society of different sorts, one of state-driven ideology and the other market-driven with the corporate welfare state behind it. In some respects, Sheldon Wolin’s the *“inverted totalitarianism”* theory places this issue into another perspective, arguing that despite the absence of a dictator the corporate state behind the façade of ‘electoral democracy’ is an instrument of totalitarianism. Considering the increased role of security-intelligence-surveillance agencies in a presumably open society, it is not difficult to see that society has more illiberal than classic liberal traits. Sheldon Wolin, *Democracy Incorporated: Managed Democracy and the Specter of Inverted Totalitarianism*, 2008)

More powerful than the Axis Powers combined, American “Inverted totalitarianism” was internationalized during the Cold War and became more blatant during the war on terror, in large measure used as a pretext to impose neoliberalism in the name of national security. As the police-state gradually became institutionalized in every respect from illegal surveillance of citizens to suppressing dissent to the counterterrorism-neoliberal regime, it was becoming clearer to many scholars that a version of fascism was emerging in the US which also sprang up around the world. (Charlotte Heath-Kelly et al. eds., *Neoliberalism and Terror: Critical Engagements*, 2016; <https://deeppoliticsforum.com/forums/showthread.php?15074-Chris-Hedges-The-Great-Unraveling-USA-on-the-brink-of-neo-fascist-police-state#.WifwyLBrzIU>)

Almost a century after the era of Fascist totalitarianism that led to WWII, the transition of capitalism’s global structure with a shifting core from the US and northwest Europe to East Asia has entailed intense global competition for capital accumulation to the degree that the advanced countries have been pushing living standards downward to compete with low-wage global markets. The process of draining greater surplus value from labor especially from the periphery countries where IMF-style austerity policies have resulted in massive capital transfer to the core countries has taken place under the neoliberal social contract that has striking similarities with Fascism.

Backed by the state in the advanced capitalist countries, international organizations among them the IMF have been promoting economic fascism under the label of ‘neoliberal reforms’, thus molding state structures accordingly. Neoliberal totalitarianism is far more organized and ubiquitous than interwar Fascism not only because of the strong national state structure of core countries and modern technology and communications networks that enables surveillance and impose subtle forms of indoctrination, but also because the international agencies established by the US under the Bretton Woods system help to impose policies and institutions globally.

b. Characteristics of the Illiberal Neoliberal Society

The genesis of illiberal politics can be traced back to the end of WWI when Europeans witnessed the unraveling of the rationalist order of the Enlightenment rooted in Lockean liberalism. Influenced by the wars of imperialism that led the First World War at the end of which Vladimir Lenin led the Bolsheviks to a revolutionary victory over Czarist Russia, Joseph Schumpeter like many European scholars was trying to make sense of how capitalism’s forcible geographic expansion (imperialism) led to such global disasters that undermined the rationalist assumptions of the Enlightenment about society and its institutions. In his *Sociology of Imperialism* (1919), he wrote the following about the relationship of the bourgeoisie with the state.

“The bourgeoisie did not simply supplant the sovereign, nor did it make him its leader, as did the nobility. It merely wrested a portion of its power from him and for the rest submitted to him. It did not take over from the sovereign the state as an abstract form of organization. The state remained a special social power, confronting the bourgeoisie. In some countries it has continued to play that role to the present day. It is in the state that the bourgeoisie with its interests seeks refuge, protection against external and even domestic enemies. The bourgeoisie seeks to win over the

state for itself, and in return serves the state and state interests that are different from its own.”

The strong state structure of the imperial state that the bourgeoisie supported as a vehicle of expanding their interests globally while maintaining the social order at the national level held true only for the advanced capitalist countries eagerly trying to secure international markets at any cost including armed conflict. While essential for capital integration and expansion, the strong state structure was and remains an anathema to the bourgeoisie, if its role is to make political, economic and social concessions to the laboring and middle classes which are the popular base for bourgeois political parties. While classical liberal theory expresses the interests of capitalism its role is not to serve in furtherance of political equality for the simple reason that capitalism cannot exist under such a regime. Both John Locke and John Stuart Mill rejected political egalitarianism, while Schumpeter viewed democratic society with egalitarianism as an integral part of democracy. Rejecting Locke’s and Mill’s abstract receptiveness to egalitarianism, neoliberals of either the pluralist or authoritarian camp are blatantly adopt illiberal policies that exacerbate elitism, regardless of the rhetoric they employ to secure mass popular support.

Characterized by elitism, class, gender, racial and ethnic inequality, limits on freedom of expression, on human rights and civil rights, illiberal politics thrives on submission of the masses to the status quo. In his essay *The Political Economy of Neoliberalism and Illiberal Democracy*, Garry Jacobs, an academic/consultant who still believes in classical liberal economics operating in a pluralistic and preferably non-militaristic society, warns that world-wide democracy is under siege. *“Democratic elections have become the means for installing leaders with little respect for democratic values. The tolerance, openness and inclusiveness on which modern democracy is founded are being rejected by candidates and voters in favor of sectarian, parochial fears and interests. The role of the free press as an impartial arbiter of facts is being undermined by the rise of private and public news media conglomerates purveying political preference as fact combined with a blinding blizzard of fake news. Party politics has been polarized into a winner-take-all fight to the finish by vested-interests and impassioned extremist minorities trying to impose their agendas on a complacent majority. Corporate power and money power are transforming representative governments into plutocratic pseudo-democracies. Fundamentalists are seizing the instruments of secular democracy to impose intolerant linguistic, racial and religious homogeneity in place of the principles of liberty and harmonious heterogeneity that are democracy’s foundation and pinnacle of achievement.”*

<http://www.cadmusjournal.org/article/volume-3/issue-3/political-economy-neoliberalism-and-illiberal-democracy>

While neoliberals in the populist rightwing wholeheartedly share and promote such views, those who embrace the pluralist-identity politics camp are just as supportive of many aspects of the corporate welfare-police-counterterrorism state as a means to engender domestic sociopolitical conformity and to achieve closer global economic integration. The question is not so much what each political camp under the larger neoliberal umbrella pursues as a strategy to mobilize a popular base but whether the economic-social policies intertwined with a corporate-welfare-police-counterterrorism state is the driving force toward a Fascist model of government. In both the pluralist model with some aspects of the social safety net, and the rightwing populist version

neoliberalism's goal is rapid capital accumulation on a world scale, institutional submission of the individual and molding the citizen's subjective reality around the neoliberal ideology.

Illiberal politics in our time is partly both symptomatic of and a reaction to neoliberal globalism and culture wars that serve to distract from the intensified class struggle boiling beneath the surface. Rhetorically denouncing globalist neoliberalism, populist rightwing politicians assert the importance of national capitalism but always within the perimeters of neoliberal policies. Hence they co-opt the socio-cultural positions of nationalist extremists as a political strategy to mobilize the masses. Scholars, journalists and politicians have speculated whether the rising tide of rightwing populism pursuing neoliberalism under authoritarian models not just in the Western World, but Eastern Europe, South Asia and Africa reflects the rejection of liberal democracy and the triumph of illiberal politics that best reflects and serves the political economy. Unquestionably, there is a direct correlation between the internationalization of the Western neoliberal transformation model imposed on the world in the post-Soviet era and the rise of rightwing populism reacting to the gap between the promises of what capitalism was supposed to deliver and the reality of downward pressures on living standards. <http://www.counterfire.org/interview/18068-india-s-nightmare-the-extremism-of-narendra-modi>; <http://ac.upd.edu.ph/index.php/news-announcements/1201-southeast-asian-democracy-neoliberalism-populism-vedi-hadiz>; <http://balticworlds.com/breaking-out-of-the-deadlock-of-neoliberalism-vs-rightwing-populism/>

Not just the US, but Europe has been flirting with 'illiberal democracy' characterized by strong authoritarian-style elected officials as Garry Jacobs has observed. Amid elections in Bosnia in 1996, US diplomat Richard Holbrooke wondered about the rightwing path of former Yugoslav republics. *"Suppose the election was declared free and fair and those elected are "racists, fascists, separatists, who are publicly opposed to [peace and reintegration]. That is the dilemma."* Twenty years after what Holbrooke dreaded election outcomes in Yugoslavia, the US elected a rightwing neoliberal populist leading the Republican Party and making culture wars a central theme to distract from the undercurrent class struggle in the country. A structural issue that transcends personalities, this reality in America is symptomatic of the link between neoliberalism and the rise of illiberal democracy in a number of countries around the world. <https://www.foreignaffairs.com/articles/1997-11-01/rise-illiberal-democracy>

Some political observers analyzing the rightist orientation of neoliberal policies have concluded that neoliberalism and Fascism have more in common than people realize. In 2016, Manuela Cadelli, President of the Magistrates Union of Belgium, wrote a brief article arguing that Neoliberalism is indeed a form of Fascism; a position people seem to be willing to debate after the election of Donald Trump pursuing neoliberal policies with a rightwing populist ideological and cultural platform to keep a popular base loyal to the Republican Party. *"Fascism may be defined as the subordination of every part of the State to a totalitarian and nihilistic ideology. I argue that neoliberalism is a species of fascism because the economy has brought under subjection not only the government of democratic countries but also every aspect of our thought. The state is now at the disposal of the economy and of finance, which treat it as a subordinate and lord over it to an extent that puts the common good in*

jeopardy.” <http://www.defenddemocracy.press/president-belgian-magistrates-neoliberalism-form-fascism/>

It is ironic that neoliberal society is ‘a species of fascism’, but there no widespread popular opposition from leftist groups to counter it. People remain submissive to the neoliberal state that has in fact eroded much of what many in the pluralist camp hail as liberal democratic institutions. Most adapt to the status quo because to do otherwise means difficulty surviving today just as it was difficult to survive under Fascism for those in opposition; as Palmiro Togliatti noted (*Lectures on Fascism*, 1935) when he cautioned about castigating workers who joined the party simply because they placed survival of their family above any progressive ideology. Because evidence of systemic exploitation ingrained into society passes as the ‘norm’, and partly because repression targets minority groups, migrants, and the working class, especially those backing trade unions and progressive political parties, people support the neoliberal state that they see as the constitutional entity and the only means for survival.

The media, government and mainstream institutions denounce anyone crying out for social justice, human rights and systemic change. Such people are ‘trendy rebels’, as though social justice is a passing fad like a clothing line, misguided idealists or treasonous criminals. Considering that the corporate-owned and state media validates the legitimacy of the neoliberal social contract, the political class and social elites enjoy the freedom to shape the state’s goals in the direction toward a surveillance police-state. All of this goes without notice in the age when it is almost expected because it is defaulted to technology making easy to detect foreign and domestic enemies while using the same technology to shape the citizen’s subjective reality.

Partly because of the communications revolution in the digital age, neoliberalism has the ability to mold the citizen beyond loyalty to the social contract not just into mechanical observance but total submission to its institutions by reshaping the person’s values and identity. In this respect, neoliberalism is not so different from Fascism whose goal was to mold the citizen. *“Neoliberalism has been more successful than most past ideologies in redefining subjectivity, in making people alter their sense of themselves, their personhood, their identities, their hopes and expectations and dreams and idealizations. Classical liberalism was successful too, for two and a half centuries, in people’s self-definition, although communism and fascism succeeded less well in realizing the “new man.” It cannot be emphasized enough that neoliberalism is not classical liberalism, or a return to a purer version of it, as is commonly misunderstood; it is a new thing, because the market, for one thing, is not at all free and untethered and dynamic in the sense that classical liberalism idealized it.*

https://www.salon.com/2016/06/06/this_is_our_neoliberal_nightmare_hillary_clinton_donald_trump_and_why_the_market_and_the_wealthy_win_every_time/

Although people go about their daily lives focused on their interests, they operate against the background of neoliberal institutions that determine their lives in every respect from chatting on their cell phones to how they live despite their illusions of free will. As the world witnessed a segment of the population openly embracing fascism from movement to legitimate political party in interwar Europe, a corresponding rise in racism and ethnocentrism under the umbrella of rightwing neoliberal populism has taken place in the first two decades of the 21st century.

Representing the UN Human Rights agency, Prince Zeid bin Ra'ad al-Hussein stated that 2016 was disastrous for human rights, as the 'clash of civilizations' construct has become ingrained into the political mainstream in Western countries. *"In some parts of Europe, and in the United States, anti-foreigner rhetoric full of unbridled vitriol and hatred, is proliferating to a frightening degree, and is increasingly unchallenged. The rhetoric of fascism is no longer confined to a secret underworld of fascists, meeting in ill-lit clubs or on the 'deep net'. It is becoming part of normal daily discourse."* <http://www.independent.co.uk/news/world/politics/united-nations-chilling-warning-rise-fascism-human-rights-prince-zeid-a7464861.html>

Because neoliberalism has pushed all mainstream bourgeois political parties to the right, the far right no longer seems nearly as extreme today as it did during the Vietnam War's protest generation who still had hope for a socially just society even if that meant strengthening the social welfare system. The last two generations were raised knowing no alternative to neoliberalism; the panacea for all that ails society is less social welfare and privatization of public services within the framework of a state structure buttressing corporate welfare. The idea that nothing must be tolerated outside the hegemonic market and all institutions must mirror the neoliberal model reflects a neo-totalitarian society where sociopolitical conformity follows because survival outside the system is not viable.

Although Western neoconservatives have employed the term 'neo-totalitarian' to describe Vladimir Putin's Russia, the term applies even more accurately to the US and some European nations operating under neoliberal-military-police state structures with as much power than the Russian bureaucratic state has at its disposal. The contradiction of neoliberalism rests in the system's goal of integrating everyone into the neo-totalitarian mold. Because of the system's inherent hierarchical structure, excluding most from the institutional mainstream and limiting popular sovereignty to the elites exposes the exploitation and repression goals that account for the totalitarian nature of the system masquerading as democratic where popular sovereignty is diffused. The seemingly puzzling aspect of the rise in rightwing populism across the globe that rests in marginalization of a segment of the population and the support for it not just from certain wealthy individuals financing extremist movements, but from a segment of the middle class and even working class lining up behind it because they see their salvation with the diminution of weaker social groups. This pattern was also evident in Nazi Germany, Fascist Italy and pro-Nazi authoritarian regimes of the interwar era. <https://www.demdigest.org/neo-totalitarian-russia-potent-existential-threat-west/>; Benjamin Moffitt, *The Global Rise of Populism* (2017).

Because of contradictions in bourgeois liberal democracy where capital accumulation at any social cost is the goal, the system produced the current global wave of rightwing populism just as capitalism in the interwar era gave rise to Fascism. As one analyst put it, *"The risk democratic formations continually face is internal disintegration such that the heterogeneous elements of the social order not only fail to come together within some principle of or for unity, but actively turn against one another. In this case, a totally unproductive revolution takes place. Rather than subversion of the normative order causing suffering, rebellion or revolution that might establish a new nomos of shared life as a way of establishing a new governing logic, the dissociated elements of disintegrating democratic formations identify with the very power responsible for their subjection--capital, the state and, the strong*

leader. Thus the possibility of fascism is not negated in neoliberal formations but is an ever present possibility arising within it. Because the value of the social order as such is never in itself sufficient to maintain its own constitution, it must have recourse to an external value, which is the order of the sacred embodied by the sovereign.

<http://readersupportednews.org/pm-section/78-78/41987-neoliberalism-fascism-and-sovereignty/>

Public opinion surveys of a number of countries around the world, including those in the US, indicated that most people do not favor the existing social contract rooted in neoliberal policies that impact everything from living standards and labor policy to the judicial system and foreign affairs. Instead of driving workers toward a leftwing revolutionary path, many support rightwing populism that has resulted in the rise of even greater oppression and exploitation. Besides nationalism identified with the powerful elites as guardians of the national interest, many among the masses believe that somehow the same social contract responsible for existing problems will provide salvation they seek. While widespread disillusionment with neoliberal globalization seems to be at the core in the rise of rightwing populism, the common denominator is downward social mobility. (Doug Miller, *Can the World be Wrong?* 2015)

As Garry Jacobs argues, “Even mature democracies show signs of degenerating into their illiberal namesakes. The historical record confirms that peaceful, prosperous, free and harmonious societies can best be nurtured by the widest possible distribution of all forms of power—political, economic, educational, scientific, technological and social—to the greatest extent to the greatest number. The aspiration for individual freedom can only be realized and preserved when it is married with the right to social equality. The mutual interdependence of the individual and the collective is the key to their reconciliation and humanity’s future.

<http://www.cadmusjournal.org/article/volume-3/issue-3/political-economy-neoliberalism-and-illiberal-democracy>

Just as in the interwar era when many Europeans lost confidence in the rationalism of the Enlightenment and lapsed into amorality and alienation that allowed for even greater public manipulation by the hegemonic culture, in the early 21st the neoliberal social contract with a complex matrix of communications at its disposal is able to indoctrinate on a mass scale more easily than ever. Considering the low level of public trust in the mainstream media that most people regardless of political/ideological position view as propaganda rather than informational, cynicism about national and international institutions prevails. As the fierce struggle for power among mainstream political parties competing to manage the state on behalf of capital undercuts the credibility of the political class, rightwing elements enter the arena as ‘outsider’ messiahs above politics (Bonapartism in the 21st century) to save the nation, while safeguarding the neoliberal social contract. This is as evident in France where the pluralist political model of neoliberalism has strengthened the neo-Fascist one that Marine Le Pen represents, as in Trump’s America where the Democratic Party’s neoliberal policies helped give rise to rightwing populism.

<https://www.globalresearch.ca/macronism-neoliberal-triumph-or-next-stage-in-frances-political-crisis/5596722>; <https://socialistworker.org/2016/12/05/the-18th-brumaire-of-trump>

As the following article in *The Economist* points out, widespread disillusionment with globalist neoliberal policies drove people to the right for an enemy to blame for

all the calamities that befall society. “Beset by stagnant wage growth, less than half of respondents in America, Britain and France believe that globalisation is a “force for good” in the world. Westerners also say the world is getting worse. Even Americans, generally an optimistic lot, are feeling blue: just 11% believe the world has improved in the past year. The turn towards nationalism is especially pronounced in France, the cradle of liberty. Some 52% of the French now believe that their economy should not have to rely on imports, and just 13% reckon that immigration has a positive effect on their country. France is divided as to whether or not multiculturalism is something to be embraced. Such findings will be music to the ears of Marine Le Pen, the leader of the National Front, France’s nationalist, Eurosceptic party. Current (and admittedly early) polling has her tied for first place in the 2017 French presidential race. <https://www.economist.com/blogs/graphicdetail/2016/11/daily-chart-12>

Similar to deep-rooted cultural and ideological traits of Nazism in German society, there are similar traits in contemporary US, India and other countries where rightwing populism has found a receptive public. Although there are varieties of populism from Lepenism (Marine Le Pen’s National Front) to Trumpism (US Republican Donald Trump) to Modism (India’s Narendra Modi), they share common characteristics, including cult of personality as a popular rallying catalyst, promoting hatred and marginalization of minority groups, and promising to deliver a panacea to “society” when in fact their policies are designed to strengthen big capital.

Rightwing populist politicians who pursue neoliberal policies are opportunistically pushing the political popular base toward consolidation of a Fascist movement and often refer to themselves as movement rather than a party. Just as there were liberals who refused to accept the imminent rise of Fascism amid the parliamentary system’s collapse in the 1920s, there are neoliberals today who refuse to accept that the global trend of populism is a symptom of failed neoliberalism that has many common characteristics with Fascism. In an article entitled “*Populism is not Fascism: But it could be a Harbinger*” by Sheri Berman, the neoliberal journal **Foreign Affairs**, acknowledged that liberal bourgeois democracy is losing its luster around the world. However, the author would not go as far as to examine the structural causes for this phenomenon because to do so would be to attack the social contract within which it operates. Treating rightwing populism as though it is a marginal outgrowth of mainstream conservatism and an aberration rather than the outgrowth of the system’s core is merely a thinly veiled attempt to defend the status quo of which rightwing populism is an integral part.

<https://www.foreignaffairs.com/articles/united-states/2016-10-17/populism-not-fascism>

Structural Exploitation under the Neoliberal Social Contract

Structural exploitation - “a property of institutions or systems in which the “rules of the game” unfairly benefit one group of people to the detriment of another” <https://plato.stanford.edu/entries/exploitation/> - has been an incontrovertible reality of all class-based societies from the establishment of the earliest city-states in Mesopotamia until the present. Usually but not always intertwined with social oppression, structural exploitation entails a relationship of social dominance of an elite group over the rest of society subordinated for the purpose of economic, social,

political, and cultural exploitation. Legitimized by the social contract, justifications for institutional exploitation include safety and security of country, eliminating impediments to progress, and emulating nature's competitive forces that exist in the animal kingdom and reflect human nature.

From Solon's laws in 6th century BC Athens until our contemporary neoliberal era, social contract theory presumes that the state is the catalyst for social harmony if not fairness and not for a privileged social class to exploit the rest of society. No legal system has ever been codified that explicitly states its goal is to use of the state as an instrument of exploitation and oppression. In reality however, from ancient Babylon when King Hammurabi codified the first laws in 1780 B.C. until the present when multinational corporations and wealthy individuals directly or through lobbyists exert preponderate influence in public policy the theoretical assumption is one of fairness and justice for all people as a goal for the social contract.

In the age of the Fourth Industrial Revolution – biotechnology, nanotechnology, quantum computing, and artificial intelligence – presumably to serve mankind as part of the social contract rather than to exploit more thoroughly and marginalize a large segment of humanity, the persistence of structural exploitation and oppression challenges those with a social conscience and morality rooted in humanist values to question what constitutes societal progress and public interest. Liberal and Christian-Libertarian arguments about free will notwithstanding, it has always been the case that mainstream institutions and the dominant culture indoctrinate people into believing that ending exploitation by changing the social contract is a utopian dream; a domain relegated to poets, philosophers and song writers lacking proper grounding in the reality of mainstream politics largely in the service of the dominant socioeconomic class. The paradox in neoliberal ideology is its emphasis on free choice, while the larger goal is to mold the subjective reality within the neoliberal institutional structure and way of life. The irreconcilable aspects of neoliberalism represent the contradictory goals of the desire to project democratic mask that would allow for popular sovereignty while pursuing capital accumulation under totalitarian methods. http://www.philosophybasics.com/branch_contractarianism.html' <http://www.patheos.com/blogs/tipling/2017/05/15/indoctrination-and-free-will/>

Social cooperation becomes dysfunctional when distortions and contradictions within the system create large-scale social marginalization exposing the divergence between the promise of the neoliberal social contract and the reality in peoples' lives. To manage the dysfunction by mobilizing popular support, the political elites of both the pluralist and the authoritarian-populist wing operating under the neoliberal political umbrella compete for power by projecting the image of an open democratic society. Intra-class power struggles within the elite social and political classes vying for power distracts from social exploitation because the masses line behind competing elites convinced such competition is the essence of democracy. As long as the majority in society passively acquiesces to the legitimacy of the social contract, even if in practice society is socially unjust, the status quo remains secure until systemic contradictions in the political economy make it unsustainable. <https://mises.org/library/profound-significance-social-harmony>

In the last three centuries, social revolutions, upheavals and grassroots movements have demonstrated that people want a social contract that includes workers, women,

and marginalized groups into the mainstream and elevates their status economically and politically. In the early 21st century, there are many voices crying out for a new social contract based on social justice and equality against neoliberal tyranny. However, those faint voices are drowned against the preponderate neoliberal public policy impacting every sector while shaping the individual's worldview and subjective reality. The triumph of neoliberal orthodoxy has deviated from classical liberalism to the degree that dogmatism 'single-thought' process dominates not just economics, not just the social contract, but the very fabric of our humanity. <http://www.tandfonline.com/doi/abs/10.1080/21598282.2013.761449?journalCode=rict20>; <https://www.theguardian.com/news/2017/aug/18/neoliberalism-the-idea-that-changed-the-world>

Under neoliberalism, "Uberization" as a way of life is becoming the norm not just in the 'financialization' neoliberal economy resting on speculation rather than productivity but in society as well. The neoliberal ideology has indoctrinated the last two generations that grew up under this system and know no other reality thus taking for granted the neoliberal way of life as natural as the air they breathe. Often working two jobs, working overtime without compensation or taking work home just to keep the job has become part of chasing the dream of merely catching up with higher costs of living. People have accepted perpetual work enmeshed with the capitalist ideology of perpetual economic growth perversely intertwined with progress of civilization. The corporate ideology of "grow or die" at any cost is in reality economic growth confined to the capitalist class, while fewer and fewer people enjoy its fruits and communities, cities, entire countries under neoliberal austerity suffer.

Carl Boggs, *The End of Politics: Corporate Power and the Decline of the Public Sphere*, 2000; <https://monthlyreview.org/2007/04/01/the-financialization-of-capitalism/>; <https://permaculturenews.org/2012/06/15/myth-of-perpetual-growth-is-killing-america/>

The incentive for conformity is predicated on the belief that the benefits of civilization would be fairly distributed if not in the present then at some point in the future for one's children or grandchildren; analogous to living a virtuous life in order to enjoy the rewards after death. As proof that the system works for the benefit of society and not just the capitalist class, neoliberal apologists point to stock market gains and surprisingly there is a psychological impact – the wealth effect – on the mass consumer who feels optimistic and borrows to raise consumption. Besides the fact that only a very small percentage of people on the planet own the vast majority of securities, even in the US there is no correlation between stock market performance and living standards. (John Seip and Dee Wood Harper, *The Trickle Down Delusion*, 2016)

If we equate the stock market with the 'wealth of the nation', then in 1982 when the S & P index stood at 117 rising to 2675 in December 2017, the logical conclusion is that living standards across the US rose accordingly. However, this is the period when real incomes for workers and the middle class actually declined despite sharp rise in productivity and immense profits reflected in the incomes gap reflected in the bottom 90% vs. the top 10%. This is also the period when we see the striking divergence between wealth accumulation for the top 1% and a relative decline for the bottom 90%. <https://www.nytimes.com/2017/11/17/upshot/income-inequality-united-states.html>; <https://ourworldindata.org/income-inequality/>

A research study compiled by the pro-organized labor non-profit think tank ‘**Economic Policy Institute**’ stresses the divergence between productivity and real wages. While the top 0.01% of America’s experienced 386% income growth between 1980 and 2014, the bottom 90% suffered 3% real income drop. Whereas in 1980 income share for the bottom 90% stood at 65% and for the top 1% it stood at 10%, by 2014 the bottom 90% held just half of the income, while the top 1% owned 21%. This dramatic income divergence, which has been shown in hundreds of studies and not even neoliberal billionaires deny their validity, took place under the shift toward the full implementation of the neoliberal social contract. It is significant to note that such income concentration resulting from fiscal policy, corporate subsidy policy, privatization and deregulation has indeed resulted in higher productivity exactly as neoliberal apologists have argued. However, higher worker productivity and higher profits has been made possible precisely because of income transfer from labor to capitalist.<http://www.epi.org/publication/charting-wage-stagnation/>;
<https://aneconomicssense.org/2015/07/13/the-highly-skewed-growth-of-incomes-since-1980-only-the-top-0-5-have-done-better-than-before/>

“Real hourly compensation of production, nonsupervisory workers who make up 80 percent of the workforce, also shows pay stagnation for most of the period since 1973, rising 9.2 percent between 1973 and 2014. Net productivity grew 1.33 percent each year between 1973 and 2014, faster than the meager 0.20 percent annual rise in median hourly compensation. In essence, about 15 percent of productivity growth between 1973 and 2014 translated into higher hourly wages and benefits for the typical American worker. Since 2000, the gap between productivity and pay has risen even faster. The net productivity growth of 21.6 percent from 2000 to 2014 translated into just a 1.8 percent rise in inflation-adjusted compensation for the median worker (just 8 percent of net productivity growth). Since 2000, more than 80 percent of the divergence between a typical (median) worker’s pay growth and overall net productivity growth has been driven by rising inequality (specifically, greater inequality of compensation and a falling share of income going to workers relative to capital owners). Over the entire 1973–2014 period, rising inequality explains over two-thirds of the productivity–pay divergence.” (Josh Bivens and Lawrence Mishel, *“Understanding the Historic Divergence Between Productivity and a Typical Worker’s Pay Why It Matters and Why It’s Real”* in **Economic Policy Institute, 2015**, <http://www.epi.org/publication/understanding-the-historic-divergence-between-productivity-and-a-typical-workers-pay-why-it-matters-and-why-its-real/>

The average corporate tax rate in the world has been cut in half in the last two decades from about 40% to 22%, with the effective rate actually paid lower than the official rate. This represents a massive transfer of wealth to the highest income brackets drained from the working class. More than half-a-century ago, American anthropologist Jules Henry wrote that: *“The fact that our society places no limit on wealth while making it accessible to all helps account for the ‘feverish’ quality Tocqueville sensed in American civilization.”* **Culture Against Man** (1963). The myth that the neoliberal policies in the information age lead toward a society richer for all people is readily refuted by the reality of huge wealth distribution gaps resulting from ‘informational capitalism’ backed by the corporate welfare state.

Capital accumulation not just in the US but on a world scale without a ceiling has resulted in more thorough exploitation of workers and in a less socially just society today than in the early 1960s when Jules Henry was writing and it is headed increasingly toward authoritarian models of government behind the very thin veneer of meaningless elections. Against this background of unfettered neoliberalism, social responsibility is relegated to issues ranging from corporate-supported sustainable development in which large businesses have a vested interest as part of future designs on capital accumulation, to respecting lifestyle and cultural and religious freedoms within the existing social contract. (Dieter Plehwe et al. eds., *Neoliberal Hegemony*, 2006; Carl Ferenbach and Chris Pinney, “*Toward a 21st Century Social Contract*” *Journal of Applied Corporate Finance*, Vol. 24, No 2, 2012; <http://onlinelibrary.wiley.com/doi/10.1111/j.1745-6622.2012.00372.x/abstract>

At its Annual conference in 2017 where representatives from the ‘Fortune 500’, academia, think tanks, NGOs, and government, business consultancy group BSR provided the following vision under the heading “*A 21st Century Social Contract*”: “*The nature of work is changing very rapidly. Old models of lifelong employment via business and a predictable safety net provided by government are no longer assured in a new demographic, economic, and political environment. We see these trends most clearly in the rise of the “gig economy,” in which contingent workers (freelancers, independent contractors, consultants, or other outsourced and non-permanent workers) are hired on a temporary or part-time basis. These workers make up more than 90 percent of new job creation in European countries, and by 2020, it is estimated that more than 40 percent of the U.S. workforce will be in contingent jobs.*” <https://bsr17.org/agenda/sessions/the-21st-century-social-contract>

Representing multinational corporate members and proud sponsors of sustainable development solutions within the neoliberal model, BSR applauded the aspirations and expectations of today’s business people that expect to concentrate even more capital as the economy becomes more ‘UBERized’ and reliant on the new digital technology. Despite fear and anxiety about a bleak techno-science future as another mechanism to keep wages as close to subsistence if not below that level as possible, peoples’ survival instinct forces them to adjust their lives around the neoliberal social contract. <https://www.technologyreview.com/s/531726/technology-and-inequality/>

Reflecting the status quo, the media indoctrinate people to behave as though systemic exploitation, oppression, division, and marginalization are natural while equality and the welfare of the community represent an anathema to bourgeois civilization. What passes as the ‘social norm’, largely reflects the interests of the socioeconomic elites propagating the ‘legitimacy’ of their values while their advocates vilify values that place priority on the community aspiring to achieve equality and social justice. (Robert E. Watkins, “*Turning the Social Contract Inside Out: Neoliberal Governance and Human Capital in Two Days, One Night*”, 2016).

The neoliberal myth that the digital technological revolution and the ‘*knowledge based economy*’ (KBE) of endless innovation is the catalyst not only to economic growth but to the preservation of civilization and welfare of society has proved hollow in the last four decades. Despite massive innovation in the domain of the digital and biotech domains, socioeconomic polarization and environmental degradation persist at much higher rates today than in the 1970s. Whether in the US,

the European Union or developing nations, the neoliberal promise of ‘prospering together’ has been a farce. <http://onlinelibrary.wiley.com/doi/10.1111/tsq.12106/full>; <http://www.ricerchestoriche.org/?p=749>

Neoliberal myths about upward linear progress across all segments of society and throughout the world notwithstanding, economic expansion and contraction only result in greater capital concentration. *“The Swiss Federal Institute of Technology in Zurich have taken a database listing 37 million companies and investors worldwide, pulled out all 43,060 multinational corporations and the share ownerships linking them to construct a model of which companies controlled others through shareholding networks, coupled with each company’s operating revenues, to map the structure of economic power. The model revealed a core of 1318 companies with interlocking ownerships. Each of the 1318 had ties to two or more other companies, and on average they were connected to 20. What’s more, although they represented 20 per cent of global operating revenues, the 1318 appeared to collectively own through their shares the majority of the world’s large blue chip and manufacturing firms, the “real” economy, representing a further 60 per cent of global revenues. When the team further untangled the web of ownership, it found much of it tracked back to a super-entity of 147 even more tightly knit companies (all of their ownership was held by other members of the super-entity) that controlled 40 per cent of the total wealth in the network. “In effect, less than 1 per cent of the companies were able to control 40 per cent of the entire network.”*

<https://weeklysolshevik.wordpress.com/2013/05/19/imperialism-and-the-concentration-of-capital/> http://arxiv.org/PS_cache/arxiv/pdf/1107/1107.5728v2.pdf.

With each passing recessionary cycle of the past four decades working class living standards have retreated and never recovered. Although the techno-science panacea has proved a necessary myth and a distraction from the reality of capital concentration, considering that innovation and technology are integral parts of the neoliberal system, the media, politicians, business elites, corporate-funded think tanks and academics continue to promote the illusive ‘modernist dream’ that only a small segment of society enjoys while the rest take pride living through it vicariously. (Laurence Reynolds and Bronislaw Szerszynski, *“Neoliberalism and technology: Perpetual innovation or perpetual crisis?”*)

https://www.academia.edu/1937914/Neoliberalism_and_technology

Rooted in militarism and police-state policies, the culture of fear is one of the major ways that the neoliberal regime perpetually distracts people from structural exploitation and oppression in a neoliberal society that places dogmatic focus on atomism. Despite the atomistic value system as an integral part of neoliberalism, neoliberals strongly advocate a corporate state welfare system. Whether supporting pluralism and diversity or rightwing populists, neoliberals agree that without the state buttressing the private sector, the latter will collapse. Author of *Liberalism in the Shadow of Totalitarianism* (2007) David Ciepley argues in *“The Corporate Contradictions of Neoliberalism”* that the system’s contradictions have led to the authoritarian political model as its only option moving forward.

“Neoliberalism was born in reaction against totalitarian statism, and matured at the University of Chicago into a program of state-reduction that was directed not just against the totalitarian state and the socialist state but also (and especially) against

the New Deal regulatory and welfare state. ... It is a self-consciously reactionary ideology that seeks to roll back the status quo and institutionalize (or, on its own understanding, re-institutionalize) the “natural” principles of the market. ... But the contradiction between its individualist ideals and our corporate reality means that the effort to institutionalize it, oblivious to this contradiction, has induced deep dysfunction in our corporate system, producing weakened growth, intense inequality, and coercion. ... And when the ideological support of a system collapses—as appears to be happening with neoliberalism—then either the system will collapse, or new levels of coercion and manipulation will be deployed to maintain it. This appears to be the juncture at which we have arrived.”

<https://americanaffairsjournal.org/2017/05/corporate-contradictions-neoliberalism/>

Adhering to a tough law-and-order policy, neoliberals have legalized large-scale criminal activity perpetrated by capitalists against society while penalizing small-scale crimes carried out mostly by people in the working class and the marginalized *lumpenproletariat*. Regardless of approaches within the neoliberal social contract, neoliberal politicians agree on a lengthy prison sentences for street gangs selling narcotics while there is no comparable punishment when it comes to banks laundering billions including from narcotics trafficking, as *Deutsche Bank* among other mega banks in the US and EU; fixing rates as *Barclays* among others thus defrauding customers of billions; or creating fake accounts as *Wells Fargo*, to say nothing of banks legally appropriating billions of dollars from employees and customers and receiving state (taxpayer) funding in times of ‘banking crises’. Although it seems enigmatic that there is acquiescence for large scale crimes with the institutional cover of ‘legitimacy’ by the state and the hegemonic culture, the media has conditioned the public to shrug off structural exploitation as an integral part of the social contract. <http://theweek.com/articles/729052/brief-history-crime-corruption-malfeasance-american-banks>; <https://www.globalresearch.ca/corruption-in-the-european-union-scandals-in-banking-fraud-and-secretive-ttip-negotiations/5543935>

Neoliberalism’s reach does not stop with the de-criminalization of white-collar crime or the transfer of economic policy from the public sector to corporations in order to reverse social welfare policies. Transferring sweeping policy powers from the public to the corporate sector, neoliberalism’s tentacles impact everything from labor and environment to health, education and foreign policy into the hands of the state-supported corporate sector in an effort to realize even greater capital concentration at an even greater pace. This has far reaching implications in peoples’ lives around the world in everything from their work and health to institutions totalitarian at their core but projecting an image of liberal democracy on the surface. (Noam Chomsky and R. W. McChesney, **Profit Over People: Neoliberalism and Global Order**, 2011; Pauline Johnson, “*Sociology and the Critique of Neoliberalism*” **European Journal of Social Theory**, 2014

<http://journals.sagepub.com/doi/abs/10.1177/1368431014534354?journalCode=esta>

Comprehensive to the degree that it aims to diminish the state’s role by having many of its functions privatized, neoliberalism’s impact has reached into monetary policy trying to supplant it with rogue market forces that test the limits of the law and hard currencies. The creation of cryptocurrencies among them BITCOIN that represents the utopian dream of anarcho-libertarians interested in influencing if not dreaming of ultimately supplanting central banks’ role in monetary policy is an important

dimension of neoliberal ideology. Techno-utopians envisioning the digital citizen in a neoliberal society favor a ‘gypsy economy’ operating on a digital currency outside the purview of the state’s regulatory reach where it is possible to transfer and hide money while engaging in the ultimate game of speculation. (<https://btetheory.com>; Samuel Valasco and Leonardo Medina, *The Social Nature of Cryptocurrencies*, 2013)

Credited as the neoliberal prophet whose work and affiliate organizations multinational corporations funded, Austrian economist Friedrich Hayek favored market forces to determine monetary policy rather than having government in that role working behind central banks. Aside from the fact that central banks cater to capital and respond to markets and no other constituency, Hayek’s proposal (*The Denationalization of Money*, 1976) was intended to permit the law of the ‘free market’ (monetary speculation) determine policy that would impact peoples’ living standards. Hence capital accumulation would not be constrained by government regulatory measures and the coordination of monetary policy between central banks. In short, the law of unfettered banking regulation would theoretically result in greater economic growth, no matter the consequences owing to the absence of banking regulatory measures that exacerbate contracting economic cycles such as in 2008. (www.voltaire.org/article30058.html)

In December 2017, the UK and EU warned that cryptocurrencies are used in criminal enterprises, including money laundering and tax evasion. Nevertheless, crypto-currency reflects both the ideology and goals of capital accumulation of neoliberals gaining popularity among speculators in the US and other countries. Crypto-currency fulfills the neoliberal speculator’s dream by circumventing the IMF basket of reserved currencies on which others trade while evading regulatory constraints and all mechanisms of legal accountability for the transfer of money and tax liability.

Although a tiny fraction of the global monetary system, computer networks make crypto-currency a reality for speculators, tax evaders, those engaged in illegal activities and even governments like Venezuela under Nicolas Maduro trying to pump liquidity into the oil-dependent economy suffering from hyperinflation and economic stagnation. If the crypto-currency system can operate outside the purview of the state, then the neoliberal ideology of trusting the speculator rather than the government would be proved valid about the superfluous role of central banks and monetary centralization, a process that capitalism itself created for the harmonious operation of capitalism.

<https://www.theguardian.com/technology/2017/dec/04/bitcoin-uk-eu-plan-cryptocurrency-price-traders-anonymity>; <http://www.lanacion.com.ar/2099017-venezuela-inflacion-nicolas-maduro-crisis-precios>

Indicative of the success of the neoliberal ideology’s far reaching impact in economic life cryptocurrencies’ existence also reflects the crisis of capitalism amid massive assaults on middle class and working class living standards in the quest for greater capital concentration. In an ironic twist, the very neoliberal forces that promote cryptocurrencies decry their use by anti-Western nations – Iran, Venezuela, and Russia among others. The criticism of anti-Western governments resorting to cryptocurrencies is based on their use as a means of circumventing the leverage that reserve currencies like the dollar and euro afford to the West over non-Western nations. This is only one of a few contradictions that neoliberalism creates and

undermines the system it strives to build just as it continues to foster its ideology as the only plausible one to pursue globally. Another contradiction is the animosity toward crypto-currencies from mainstream financial institutions that want to maintain a monopoly on government-issued currency which is where they make their profits. As the world's largest institutional promoter of neoliberalism, the IMF has cautioned not to dismiss cryptocurrencies because they could have a future, or they may actually 'be the future'. <https://www.coindesk.com/bitcoins-unlimited-potential-lies-in-apolitical-core/>; <http://fortune.com/2017/10/02/bitcoin-ethereum-cryptocurrency-imf-christine-lagarde/>

After the “Washington Consensus” of 1989, IMF austerity policies are leverage to impose neoliberal policies globally have weakened national institutions from health to education and trade unions that once formed a social bond for workers aspiring to an integrative socially inclusive covenant in society rather than marginalization. The IMF uses austerity policies for debt relief as leverage to have the government provide more favorable investment conditions and further curtail the rights of labor with everything from ending collective bargaining to introducing variations of “right-to-work” laws” that prohibit trade unions from forcing collective strikes, collecting dues or signing the collective contract. Justified in the name of ‘capitalist efficiency’, weakening organized labor and its power of collective bargaining has been an integral part of the neoliberal social contract as much in the US and UK as across the rest of the world, invariably justified by pointing to labor markets where workers earn the lowest wages. (B. M. Evans and S. McBride, *Austerity: The Lived Experience*, 2017; Vicente Berdayes, John W. Murphy, eds. *Neoliberalism, Economic Radicalism, and the Normalization of Violence*, 2016).

Although many in the mainstream media took notice of the dangers of neoliberalism leading toward authoritarianism after Trump's election, a few faint voices have been warning about this inevitability since the early 1990s. Susan George, president of the Transnational Institute, has argued that neoliberalism is contrary to democracy, it is rooted in Social Darwinism, it undermines the liberal social contract under which that people assume society operates, but it is the system that governments and international organization like the IMF have been promoting.

“Over the past twenty years, the IMF has been strengthened enormously. Thanks to the debt crisis and the mechanism of conditionality, it has moved from balance of payments support to being quasi-universal dictator of so-called "sound" economic policies, meaning of course neo-liberal ones. The World Trade Organisation was finally put in place in January 1995 after long and laborious negotiations, often rammed through parliaments which had little idea what they were ratifying. Thankfully, the most recent effort to make binding and universal neo-liberal rules, the Multilateral Agreement on Investment, has failed, at least temporarily. It would have given all rights to corporations, all obligations to governments and no rights at all to citizens. The common denominator of these institutions is their lack of transparency and democratic accountability. This is the essence of neo-liberalism. It claims that the economy should dictate its rules to society, not the other way around. Democracy is an encumbrance, neo-liberalism is designed for winners, not for voters who, necessarily encompass the categories of both winners and losers.”

<https://www.tni.org/en/article/short-history-neoliberalism>

Those on the receiving end of neoliberalism's Social Darwinist orientation are well aware of public policy's negative impact on their lives but they feel helpless to confront the social contract. According to opinion polls, people around the world realize there is a huge gap between what political and business leaders, and international organizations claim about institutions designed to benefit all people and the reality of marginalization. The result is loss of public confidence in the social contract theoretically rooted in consent and democracy. *"When elected governments break the "representative covenant" and show complete indifference to the sufferings of citizens, when democracy is downgraded to an abstract set of rules and deprived of meaning for much of the citizenry, many will be inclined to regard democracy as a sham, to lose confidence in and withdraw their support for electoral institutions. Dissatisfaction with democracy now ranges from 40 percent in Peru and Bolivia to 59 percent in Brazil and 62 percent in Colombia.* (Boron, "Democracy or Neoliberalism", <http://bostonreview.net/archives/BR21.5/boron.html>)

Not just in developing nations operating under authoritarian capitalist model to impose neoliberal policies, but in advanced countries people recognize that the bourgeois freedom, democracy and justice are predicated on income. Regardless of whether the regime operates under a pluralistic neoliberal regime or rightwing populist one, the former much more tolerant of diversity than the latter, the social contract goals are the same. In peoples' lives around the world social exploitation has risen under neoliberal policies whether imposed the nation-state, a larger entity such as the EU, or international organizations such as the IMF. Especially for the European and US middle class, but also for Latin American and African nations statistics show that the neoliberal social contract has widened the poor-rich gap.

In a world where the eight wealthiest individuals own as much wealth as the bottom 50% or 3.6 billion people, social exploitation and oppression has become normal because the mainstream institutions present it in such light to the world and castigate anyone critical of institutionalized exploitation and oppression. Rightwing populist demagogues use nationalism, cultural conservatism and vacuous rhetoric about the dangers of big capital and 'liberal elites' to keep the masses loyal to the social contract by faulting the pluralist-liberal politicians rather than the neoliberal social contract. As the neoliberal political economy has resulted in a steady rising income gap and downward social mobility in the past three decades, it is hardly surprising that a segment of the masses lines behind rightwing populist demagogues walking a thin line between bourgeois democracy and Fascism.

(Alan Wertheimer, *Exploitation*, 1999; Ruth J. Sample, *Exploitation; What is it and why it is Wrong*, 2003; <http://money.cnn.com/2017/08/31/investing/wells-fargo-fake-accounts/index.html>; <https://www.dailykos.com/stories/2017/5/14/1662227/-Was-suicide-of-Deutsche-Bank-executive-linked-to-Trump-and-Russia-money-laundering>)

Seizing power from sovereign states, multinational corporation are pursuing neoliberal policy objectives on a world scale, prompting resistance to the neoliberal social contract which rarely class-based and invariably identity-group oriented manifested through environmental, gender, race, ethnicity, gay, religious and minority groups of different sorts. Regardless of the relentless media campaign to suppress class consciousness, workers are aware that they have common interests and public opinion studies reveal as much. (Susan George, *Shadow Sovereigns: How Global Corporations are seizing Power*, 2015)

According to the Pew Research center, the world average for satisfaction with their governments are at 46%, the exact percentage as in the US that ranks about the same as South Africa and much lower than neighboring Canada at 70% and Sweden at 79%. *“Publics around the globe are generally unhappy with the functioning of their nations’ political systems. Across the 36 countries asked the question, a global median of 46% say they are very or somewhat satisfied with the way their democracy is working, compared with 52% who are not too or not at all satisfied. Levels of satisfaction vary considerably by region and within regions. Overall, people in the Asia-Pacific region are the most happy with their democracies. At least half in five of the six Asian nations where this question was asked express satisfaction. Only in South Korea is a majority unhappy (69%).*

<http://www.pewglobal.org/2017/10/16/many-unhappy-with-current-political-system/>

As confounding as it appears that elements of the disillusioned middle class and working class opt either for the exploitation of pluralist neoliberalism or the exploitation and oppression of rightwing populism expressed somewhat differently in each country, it is not difficult to appreciate the immediacy of a person’s concerns for survival like all other species above all else. The assumption of rational behavior in the pursuit of social justice is a bit too much to expect considering that people make irrational choices detrimental to their best interests and to society precisely because the dominant culture has thoroughly indoctrinated them. It seems absurd that indirectly people choose exploitation and oppression for themselves and others in society, but they always have as the dominant culture secular and religious indoctrinates them into accepting exploitation and oppression. (Shaheed Nick Mohammed, *Communication and the Globalization of Culture*, 2011)

Throughout Western and Eastern Europe rightwing political parties are experiencing a resurgence not seen since the interwar era, largely because the traditional conservatives moved so far to the right. Even the self-baptized Socialist parties are nothing more than staunch advocates of the same neoliberal status quo as the traditional conservatives. The US has also moved to the right long before the election of Donald Trump who openly espouses suppression of certain fundamental freedoms as an integral part of a pluralistic society. As much as in the US and Europe as in the rest of the world, analysts wonder how could any working class person champion demagogic political leaders whose vacuous populist rhetoric promises ‘strong nation’ for all but their policies benefit the same socioeconomic elites as the neoliberal politicians. (J. Rydgren (Ed.), *Class Politics and the Radical Right*, 2012)

Rooted on classical liberal values of the Enlightenment, the political and social elites present a social contract that is theoretically all-inclusive and progressive, above all ‘fair’ because it permits freedom to compete, when in reality the social structure under which capitalism operates necessarily entails exploitation and oppression that makes marginalization very clear even to its staunchest advocates who then endeavor to justify it by advancing theories about individual human traits.

In 2012 the United States spent an estimated 19.4% of GDP on such social expenditures, according to the Organization for Economic Cooperation and Development, the Paris-based industrial country think tank. Denmark spent 30.5%, Sweden 28.2% and Germany 26.3%. All of these nations have a lower central

government debt to GDP ratio than that of the United States. Why the United States invests relatively less in its social safety net than many other countries and why those expenditures are even at risk in the current debate over debt reduction reflect Americans' conflicted, partisan and often contradictory views on fairness, inequality, the role and responsibility of government and individuals in society and the efficacy of government action. Rooted in value differences, not just policy differences, the debate over the U.S. social contract is likely to go on long after the fiscal cliff issue has been resolved." <http://www.pewglobal.org/2013/01/15/public-attitudes-toward-the-next-social-contract/>

The neoliberal model of capitalism spewing forth from core countries to the periphery and embraced by capitalists throughout the world has resulted in greater social inequality, exploitation and oppression, despite proclamations that by pluralist-diversity neoliberals presenting themselves as remaining true to 'democracy'. The tilt to the right endorsed at the ballot box by voters seeking solutions to systemic problems and a more hopeful future indicates that some people demand exclusion and/or punishment of minority social groups in society, as though the exploitation and oppression of 'the other' would vicariously elevate the rest of humanity to a higher plane. Although this marks a dangerous course toward authoritarianism and away from liberal capitalism and Karl Popper's 'Open Society' thesis operating in a pluralistic world against totalitarianism, it brings to surface the essence of neoliberalism which is totalitarian, the very enemy Popper and his neoconservative followers were allegedly trying to prevent. (Calvin Hayes, *Popper, Hayek and the Open Society*, 2009)

Social Exclusion, Popular Resistance and the Future of Neoliberalism

Social Exclusion

Every sector of society from the criminal justice system to elderly care has been impacted by neoliberal social marginalization. More significant than any other aspect of neoliberalism, the creation of a chronic debtor class without any assets is floating a step above the structurally unemployed and underemployed. The Industrial revolution exacerbated social exclusion producing an underclass left to its own fate by a state that remained faithful to the social contract's laissez philosophy. Composed of vagrants, criminals, chronically unemployed, and people of the streets that British social researcher Henry Mayhew described in *London Labour and the London Poor*, a work published three years after the revolutions of 1848 that shattered the liberal foundations of Europe, the lumpenproletariat caught the attention of Karl Marx and Friedrich Engels (*The German Ideology*) interested in the industrial working class movement as the vanguard of the revolution.

Lacking a class consciousness thus easily exploited by the elites the lumpenproletariat were a product of industrial capitalism's surplus labor that kept wages at or just above subsistence levels, long before European and American trade union struggles were able to secure a living wage. In the last four decades neoliberal policies have created a chronic debtor working class operating under the illusion of integration into the mainstream when in fact their debtor status not only entails social exclusion but relegated to perpetual servitude dependence and never climbing out of it. The neoliberal state is the catalyst to the creation of this new class.

<https://www.bloomberg.com/news/articles/2016-07-20/a-164-year-old-idea-helps-explain-the-huge-changes-sweeping-the-world-s-workforce>

In an essay entitled “*Labour Relations and Social Movements in the 21st Century*” Portuguese social scientists Elísio Estanque and Hermes Augusto Costa argue that the manner that neoliberalism has impacted Europe’s social structure in both core and periphery countries has given rise to the new precarious working class, often college-degreed, overqualified, and struggling to secure steady employment especially amid recessionary cycles that last longer and run deeper.

“The panorama of a deep economic crisis which in the last few decades has hit Europe and its Welfare state in particular has had an unprecedented impact on employment and social policies. The neoliberal model and the effects of deregulated and global finance not only question the “European social model” but push sectors of the labour force – with the youngest and well-qualified being prominent – into unemployment or precarious jobs. ...the sociological and potential socio-political significance of these actions particularly as a result of the interconnections that such movements express, both in the sphere of the workplace and industrial system or whether with broader social structures, with special emphasis on the middle classes and the threats of 'proletarianization' that presently hang over them. ... labour relations of our time are crossed by precariousness and by a new and growing “precariat” which also gave rise to new social movements and new forms of activism and protest.” http://cdn.intechopen.com/pdfs/34149/InTech-Labour_relations_and_social_movements_in_the_21st_century.pdf

‘Proletarianization’ of the declining middle class and downward income pressure for the working class and middle class has been accompanied by the creation of a growing chronic debtor class in the Western World. Symptomatic of the neoliberal globalist world order, the creation of the debtor class and more broadly social exclusion transcends national borders, ethnicity, gender, culture, etc. Not just at the central government level, but at the regional and local levels, public policy faithfully mimics the neoliberal model resulting in greater social exclusion while there is an effort to convince people that there is no other path to progress although people were free to search; a dogma similar to clerical intercession as the path to spiritual salvation. <http://www.isreview.org/issues/58/feat-economy.shtml>

The neoliberal path to salvation has resulted in a staggering 40% of young adults living with relatives out of financial necessity. The number has never been greater at any time in modern US history since the Great Depression, and the situation is not very different for Europe. Burdened with debt, about half of the unemployed youth are unable to find work and most that work do so outside the field of their academic training. According to the OECD, youth unemployment in the US is not confined only to high school dropouts but includes college graduates. Not just across southern Europe and northern Africa, but in most countries the neoliberal economy of massive capital concentration has created a new lumpenproletariat that has no assets and carries debt. Owing to neoliberal policies, personal bankruptcies have risen sharply in the last four decades across the Western World reflecting the downward social mobility and deep impact on the chronically indebted during recessionary cycles. <https://www.theatlantic.com/business/archive/2012/04/53-of-recent-college-grads-are-jobless-or-underemployed-how/256237/>; <https://www.cbsnews.com/news/for-young->

[americans-living-with-their-parents-is-now-the-norm/](#); Iain Ramsay, *Personal Insolvency in the 21st Century: A Comparative Analysis of the US and Europe*, 2017)

Historically, the safe assumption has been that higher education is the key to upward social mobility and financial security, regardless of cyclical economic trends. However, the laws of overproduction apply not only to commodities but to the labor force, especially as the information revolution continues to chip away at human labor. College education is hardly a guarantee to upward social mobility, but often a catalyst to descent into the debtor unemployed class, or minimum wage/seasonal part time job or several such jobs. The fate of the college-educated falling into the chronic debtor class is part of a much larger framework, namely the ‘financialization’ of the economy that is at the core of neoliberalism. (Vik Loveday, “*Working-class participation, middle-class aspiration? Value, upward mobility and symbolic indebtedness in higher education.*” *The Sociological Review*, September 2014)

Beyond the simplistic suggestion of ‘more training’ to keep up with tech changes, the root cause of social exclusion and the chronic debtor class revolves around the ‘financialization’ of the neoliberal globalist economy around which central banks make monetary policy. Since the beginning of the Thatcher-Reagan era, advanced capitalist countries led by the US conducted policy to promote the centrality of financial markets as the core of the economy. This entails resting more on showing quarterly profit even at the expense of taking on debt, lower productivity and long-term sustainability, or even breaking a company apart and dismissing workers because it would add shareholder value. Therefore, the short-term financial motives and projection of market performance carry far more weight than any other consideration.

Symptomatic of a combination of deregulation and the evolution of capitalism especially in core countries from productive to speculative, financialization has transformed the world economy. Enterprises from insurance companies to brokerage firms and banks like Goldman Sachs involved in legal and quasi-legal practices, everything from the derivatives market to helping convert a country’s sovereign debt into a surplus while making hefty profits has been part of the financialization economy that speeds up capital concentration and creates a wider rich-poor gap. Housing, health, pension systems, health care and personal consumption are all impacted by financialization that concentrates capital through speculation rather than producing anything from capital goods to consumer products and services. (Costas Lapavistas, *The Financialization of Capitalism: 'Profiting without producing'* <http://www.tandfonline.com/doi/full/10.1080/13604813.2013.853865>)

Billionaire speculator George Soros has observed that market speculation not only drives prices higher, especially of commodities on a world scale, but the inevitability of built-in booms and busts are disruptive simply because a small group of people have secured a legal means for capital accumulation. At the outbreak of the US stock market collapse followed by the ‘great recession’ of 2008, the *European Network and Debt and Development* (EURODAD) published an article critical of financialization and its impact on world hunger.

“Do you enjoy rising prices? Everybody talks about commodities – with the Agriculture Euro Fund you can benefit from the increase in value of the seven most

*important agricultural commodities.” With this advertisement the **Deutsche Bank** tried in spring 2008 to attract clients for one of its investment funds. At the same time, there were hunger revolts in Haiti, Cameroon and other developing countries, because many poor could no longer pay the exploding food prices. In fact, between the end of 2006 and March 2008 the prices for the seven most important commodities went up by 71 per cent on average, for rice and grain the increase was 126 per cent. The poor are most hit by the hike in prices. Whereas households in industrialised countries spend 10 -20 per cent for food, in low-income countries they spend 60 - 80 per cent. As a result, the World Bank forecasts an increase in the number of people falling below the absolute poverty line by more than 100 million. Furthermore, the price explosion has negative macroeconomic effects: deterioration of the balance of payment, fuelling inflation and new debt.”*

http://eurodad.org/uploadedfiles/whats_new/news/food%20speculation%202%20pager%20final.pdf

Someone has to pay for the speculative nature of financialization, and the labor force in all countries is the first to do so through higher indirect taxes, cuts in social programs and jobs and wages for the sake of stock performance. Stock markets around which public policy is conducted have eroded the real economy while molding a culture of financialization of the last two generations a large percentage of which has been swimming in personal debt reflecting the debt-ridden financialization economy. Contrary to claims by politicians, business leaders and the media that the neoliberal system of financialization is all about creating jobs and helping to diffuse income to the middle class and workers, the only goal of financialization is wealth concentration while a larger debtor class and social marginalization are the inevitable results. It is hardly surprising that people world-wide believe the political economy is rigged by the privileged class to maintain its status and the political class is the facilitator. <http://www.truth-out.org/opinion/item/41359-financialization-has-turned-the-global-economy-into-a-house-of-cards-an-interview-with-gerald-epstein>; Costas Lapavitsa, *Financialization in Crisis*, 2013; Rona Foroohar, *Makers and Takers: How Wall Street Destroyed Main Street*, 2016)

Despite efforts by pluralist and populist neoliberals throughout the world to use ‘culture wars’ and identity politics as distraction while deemphasizing the role of the state as the catalyst in the neoliberal social contract, the contradictions that the political economy exposes the truth about the socially unjust society that marginalizes the uneducated poor and college-educated indebted alike. Not to deemphasize the significance of global power distribution based on the Westphalian nation-state model and regional blocs such as the European Union, but neoliberals are the ones who insist on the obsolete nation-state that the international market transcends, thus acknowledging the preeminence of capitalism in the social contract and the subordination of national sovereignty to international capital and financialization of the economy. After all, the multinational corporation operating in different countries is accountable only to its stockholders, not to the nation-state whose role is to advance corporate interests.

No matter how rightwing populists try to distract people from the real cause of social exclusion and marginalization by focusing on nationalist rhetoric, marginalized social groups and Muslim or Mexican legal or illegal immigrants have no voice in public policy but financialization speculators do. In an article entitled “*The Politics of Public Debt: Neoliberalism, capitalist development, and the restructuring of the*

state”, Wolfgang Streeck concludes that neoliberalism’s systemic rewards provide a disincentive for capitalists to abandon financialization in favor of productivity. “*Why should the new oligarchs be interested in their countries’ future productive capacities and present democratic stability if, apparently, they can be rich without it, processing back and forth the synthetic money produced for them at no cost by a central bank for which the sky is the limit, at each stage diverting from it hefty fees and unprecedented salaries, bonuses and profits as long as it is forthcoming — and then leave their country to its remaining devices and withdraw to some privately owned island?*”

<http://www.publicseminar.org/2014/02/the-politics-of-public-debt/>

An important difference between pluralists and rightwing populists in their approach to the state’s role is that the former advocate for a strong legislative branch and weaker executive, while rightwing populists want a strong executive and weak legislative. However, both political camps agree about advancing market hegemony nationally and internationally and both support policies that benefit international and domestic capital, thus facilitating the convergence of capitalist class interests across national borders with the symptomatic results of social exclusion.

(<http://www.sciencedirect.com/science/article/pii/S0016718508000924>; Vicente Navarro, “*The Worldwide Class Struggle*” <https://monthlyreview.org/2006/09/01/the-worldwide-class-struggle/>)

Regardless of vacuous rhetoric about a weak state resulting from neoliberal policies, the state in core countries where financialization prevails has been and remains the catalyst for class hegemony as has been the case since the nascent stage of capitalism. Both Margaret Thatcher and Ronald Reagan strengthened the corporate welfare state while openly declaring war against trade unions and by extension on the working class that neoliberals demonize as the enemy of economic progress. As statistics below illustrate, the debtor class expanded rapidly after 1980 when the financialization economy took off, reaching its highest point after the subprime-induced great recession in 2008. Under neoliberal globalist policies, governments around the world followed the Reagan-Thatcher model to facilitate over-accumulation of capital in the name of competition. (Montgomerie Johnna, *Neoliberalism and the Making of the Subprime Borrower*, 2010)

Whether the state is promoting neoliberal policies under a pluralist or authoritarian models, the neoliberal culture has designated labor as the unspoken enemy, especially organized labor regardless of whether the ruling parties have co-opted trade unions. In the struggle for capital accumulation under parasitic financialization policies, the state’s view of labor as the enemy makes social conflict inevitable despite the obvious contradiction that the ‘enemy-worker’ is both the mass consumer on whom the economy depends for expansion and development. Despite this contradiction, neoliberals from firms such as Goldman Sachs has many of its former executives not just in top positions of the US government but world-wide, no matter who is in power. Neoliberal policy resulting in social exclusion starts with international finance capitalism hiding behind the pluralist and rightwing populist masks of politicians desperately vying for power to conduct public policy.

<https://www.investopedia.com/news/26-goldman-sachs-alumni-who-run-world-gs/>

Just as the serfs were aware in the Middle Ages that Lords and Bishops determined the fate of all down here on earth before God in Heaven had the last word, people today realize the ubiquitous power of capitalists operating behind the scenes, and in some case as with Trump in the forefront of public-policy that results in social exclusion and rising inequality in the name of market fundamentalism promising to deliver the benefits to all people. Neoliberalism has created a chronic debtor class that became larger after the 2008 recession and will continue growing with each economic contracting cycle in decades to come. Despite its efforts to keep one step ahead of bankruptcy, the identity of the new chronic debtor class rests with the neoliberal status quo, often with the rightwing populist camp that makes rhetorical overtures to the frustrated working class that realize financialization benefits a small percentage of wealthy individuals.

Personal debt has skyrocketed, reaching \$12.58 trillion in the US in 2016, or 80% of GDP. The irony is that the personal debt level in 2016 was the highest since the great recession of 2008 and it is expected to continue much higher, despite the economic recovery and low unemployment. Wage stagnation and higher costs of health, housing and education combined with higher direct and indirect taxes to keep public debt at manageable levels will continue to drive more people into the debtor class. Although some European countries such as Germany and France have lower household debt relative to GDP, all advanced and many developing nations have experienced a sharp rise in personal debt because of deregulation, privatization, and lower taxes on the wealthy with the burden falling on the mass consumer. Hence the creation of a permanent debtor class whose fortunes rest on maintaining steady employment and/or additional part-time employment to meet loan obligations and keep one step ahead of declaring bankruptcy. Austerity policies imposed either by the government through tight credit in advanced capitalist countries or IMF loan conditionality in developing and semi-developed nations the result in either case is lower living standards and a rising debtor class. <http://fortune.com/2017/02/19/america-debt-financial-crisis-bubble/>

Maurizio Lazzarato's *The Making of the Indebted Man: An Essay on the Neoliberal Condition* argues that neoliberalism has created a debtor-creditor relationship which has supplanted the worker-capitalist dichotomy, an argument that others focusing on the financialization of the economy have made as well. Although in Keynesian economics public and private debt was a stimulant for capitalist growth amid the contracting cycle of the economy, the neoliberal era created the permanent chronic debtor class that finds it difficult to extricate itself from that status. Evident after the deep recession of the subprime-financialization-induced recession in 2008, this issue attracted the attention of some politicians and political observers who realized the convergence of the widening debtor class with the corresponding widening of the rich-poor income gap.

By making both private and public debt, an integral part of the means of production, the neoliberal system has reshaped social life and social relationships because the entire world economy is debt-based. Servicing loans entails lower living standards for the working class in advanced capitalist countries, and even lower in the rest of the world, but it also means integrating the debtor into the system more closely than at any time in history. While it is true that throughout the history of civilization human beings from China and India to Europe have used various systems of credit to transact

business (David Graeber, *Debt: the First 5000 Years*, 2014), no one would suggest reverting back to debt-slavery as part of the social structure. Yet, neoliberalism has created the ‘indebted man’ as part of a policy that has resulted in social asymmetrical power, aiming to speed up capital accumulation and maintain market hegemony in society while generating greater social exclusion.

<https://marxandphilosophy.org.uk/reviewofbooks/reviews/2013/87E0>

Ever since the British Abolition of the Slave Trade Act in 1807, followed by a number of other European governments in the early 1800s, there was an assumption that slave labor is inconsistent with free labor markets as well as with the liberal social contract rooted in individual freedom. Nevertheless, at the core of neoliberal capitalism US consumer debt as of October 2017 stood at \$3.8 trillion in a 419 trillion economy. Debt-to-personal income ratio is at 160%; college student debt runs at approximately \$1.5 trillion, with most of that since 2000; mortgage debt has tripled since 1955, with an alarming 8 million people delinquent on their payments and the foreclosure rate hovering at 4.5% or three times higher than postwar average; consumer debt has risen 1,700 since 1971 to above \$1 trillion, and roughly half of Americans are carrying monthly credit debt with an average rate of 14%. The debt problem is hardly better for Europe where a number of countries have a much higher personal debt per capita than the US. In addition to personal debt, public debt has become a burden on the working class in so far as neoliberal politicians and the IMF are using as a pretext to impose austerity conditions, cut entitlements and social programs amid diminished purchasing power because of inflationary asset values and higher taxes.

<https://www.thebalance.com/consumer-debt-statistics-causes-and-impact-3305704>;

<https://www.nytimes.com/2017/05/17/business/dealbook/household-debt-united-states.html>

While personal debt is often but not always a reflection of a consumerist society, personal debt encompasses everything from education to health care costs in times when the digital/artificial intelligence economy is creating a surplus labor force that results in work instability and asymmetrical social relations. Technology-automation-induced unemployment driving down living standards creates debtor-workers chasing the technology to keep up with debt payments in order to survive until the next payment is due. Considering the financial system backed by a legal framework is established to favor creditors, especially given the safeguards and protections accorded to creditors in the past four decades, there are many blatant and overt ways that the state uses to criminalize poverty and debt. In 2015, for example, Montana became the first state not to take the driver’s license of those delinquent on their student debt, thus decriminalizing debt in this one aspect, though hardly addressing the larger issue of the underlying causes of debt and social exclusion.

<https://academiccommons.columbia.edu/catalog/ac:4b8gtht779>;

<https://lumpenproletariat.org/tag/neoliberalism/>

In an article entitled “*Torturing the Poor, German-Style*”, Thomas Klikauer stressed that the weakening of the social welfare state took place under the Social Democratic Party (SPD)-Green Party coalition (1998-2005) government pursuing pluralist neoliberal policies. Although historically the SPD had forged a compromise that would permit for the social inclusion of labor into the institutional mainstream, by the 1990s, the SPD once rooted in socialism had fully embraced neoliberalism just as the British Labour Party and all socialist parties of Europe pursuing social exclusion.

Klilauer writes: “Germany’s chancellor [Gerhard] Schröder (SPD) –known as the “Comrade of the Bosses”– no longer sought to integrate labour into capitalism, at least not the Lumpenproletariat or *precariate*. These sections of society are now deliberately driven into mass poverty, joining the growing number of working poor on a scale not seen in Germany perhaps since the 1930s.”

<https://www.counterpunch.org/2017/10/20/torturing-the-poor-german-style/>

No different than working class people in other countries need more than one job to keep up with debt and living expenses, so do three million Germans (rising from 150,000 in 2003) that have the privilege of living in Europe’s richest nation. Just as the number of the working poor has been rising in Germany, so have they across the Western World. Social exclusion and the expansion of the debtor class in Germany manifested itself in the national elections of 2017 where for the first time since the interwar era a political party carrying the legacy of Nazism, the *Alternative für Deutschland* (AfD), founded by elite ultra-conservatives, captured 13% of the vote to become third-largest party and giving a voice of neo-Nazis who default society’s neoliberal ills to Muslims and immigrants. Rejecting the link between market fundamentalism that both the SPD and German conservatives pursued in the last three decades, neoliberal apologists insist that the AfD merely reflects a Western-wide anti-Muslim trend unrelated to social exclusion and the policies that have led to Germany’s new lumpenproletariat and working poor.

<https://crimethinc.com/2017/10/01/the-rise-of-neo-fascism-in-germany-alternative-fur-deutschland-enters-the-parliament>; https://www.jku.at/icae/content/e319783/e319785/e328125/wp59_ger.pdf

Interestingly, US neoliberal policies also go hand-in-hand with Islamophobia and the war on terror under both Democrat and Republican administrations, although the pluralist-diversity neoliberals have been more careful to maintain a politically-correct rhetoric. Just as in Germany and the rest of Europe, there is a direct correlation in the US between the rise in social exclusion of Muslim and non-Muslim immigrants and minorities and the growing trend of rightwing populism. There is no empirical foundation to arguments that rightwing populism whether in Germany or the US has no historical roots and it is unconnected both to domestic and foreign policies. Although the neoliberal framework in which rightwing populism operates and which creates social exclusion and the new chronic debtor class clashes with neoliberal pluralism that presents itself as democratic, structural exploitation is built into the social contract thus generating grassroots opposition.

<https://news.harvard.edu/gazette/story/newsplus/neoliberal-policies-go-hand-in-hand-with-social-exclusion/>

Grassroots Resistance to Neoliberalism

Even before the great recession of 2008, there were a number of grassroots groups against neoliberal globalism both in advanced and developing nations. Some found expression in social media, others at the local level focused on the impact of neoliberal policies in the local community, and still others attempted to alter public policy through cooperation with state entities and/or international organizations. The most important anti-neoliberal grassroots organizations have been in Brazil (*Homeless Workers’ Movement and Landless Workers’ Movement*), South Africa (*Abahlali baseMjondolo, Western Cape Anti-Eviction Campaign, Landless Peoples’*

Movement), Mexico (*Ejército Zapatista de Liberación Nacional, EZLN*), Haiti (*Fanmi Lavalas*) and India (*Narmada Bachao Andolan*).

The vast majority of organizations claiming to be fighting against neoliberal policies are appendages either of the pluralist or the rightwing populist political camp both whose goal is to co-opt the masses as part of their popular base. The anti-globalization movement and by implication anti-neoliberal includes elements from the entire political spectrum from left to ultra-right. From India, to Bangladesh, from South Africa to Brazil, and from the US, France, and the UK, working class resistance to neoliberal globalism has been directly or indirectly co-opted and often de-politicized by corporate-funded or government-funded NGOs and by ‘reformist’ local and international organizations.

https://ssir.org/articles/entry/a_neoliberal_takeover_of_social_entrepreneurship;
<http://anticsr.com/ngos-csr/>

By promoting measures invariably in the lifestyle domain but also some social welfare and civil rights issues such as women’s rights, renter’s rights, etc, the goals of organizations operating within the neoliberal structure is not social inclusion by altering the social contract, but sustaining the status quo by eliminating popular opposition through co-optation. It is hardly a coincidence that the rise of the thousands of NGOs coincided with the rise of neoliberalism in the 1990s, most operating under the guise of aiding the poor, protecting human rights and the environment, and safeguarding individualism. Well-funded by corporations, corporate foundations and governments, NGOs are the equivalent of the 19th century missionaries, using their position as ideological preparatory work for Western-imposed neoliberal policies. <http://socialistreview.org.uk/310/friends-poor-or-neoliberalism>; <https://zeroanthropology.net/2014/08/28/civil-society-ngos-and-saving-the-needy-imperial-neoliberalism/>

On the receiving end of corporate and/or government-funded NGOs promoting the neoliberal agenda globally, some leading grassroots movements that advocate changing the neoliberal status quo contend that it is better to ‘win’ on a single issue such as gay rights, abortion, higher minimum wage, etc. at the cost of co-optation into neoliberal system than to have nothing at all looking in from the outside. Their assumption is that social exclusion can be mitigated one issue at a time through reform from within the neoliberal institutional structure that grassroots organizations deem as the enemy. This is exactly what the pluralist neoliberals are promoting as well to co-opt grassroots opposition groups.

<https://ecpr.eu/Events/PaperDetails.aspx?PaperID=34958&EventID=96>

Partly because governmental and non-governmental organizations posing as reformist have successfully co-opted grassroots movements often incorporating them into the neoliberal popular base, popular resistance has not been successful despite social media and cell phones that permit instant communication. This was certainly the case with the Arab Spring uprisings across North Africa-Middle East where genuine popular opposition to neoliberal policies of privatization, deregulation impacting everything from health care to liberalizing rent controls led to the uprising. In collaboration with the indigenous capitalists, political and military elites, Western

governments directly and through NGOs were able to subvert and then revert to neoliberal policies once post-Arab Spring regimes took power in the name of ‘reform’ invariably equated with neoliberal policies. <https://rs21.org.uk/2014/10/06/adam-hanieh-on-the-gulf-states-neoliberalism-and-liberation-in-the-middle-east/>

In “*Dying for Growth: Global Inequality and the Health of the Poor*” (Jim Yong Kim ed., 2000) contributing authors illustrate in case studies of several countries how the neoliberal status quo has diminished the welfare of billions of people in developing nations for the sake of growth that simply translates into even greater wealth concentration and misery for the world’s poor. According to the study: “100 countries have undergone grave economic decline over the past three decades. Per capita income in these 100 countries is now lower than it was 10, 15, 20 or in some cases even 30 years ago. In Africa, the average household consumes 20 percent less today than it did 25 years ago. Worldwide, more than 1 billion people saw their real incomes fall during the period 1980-1993.” <http://www.mit.edu/~thistle/v13/2/imf.html>

Anti-neoliberal groups assume different forms, depending on the nation’s history, social and political elites, the nature of institutions and the degree it has been impacted by neoliberal policies that deregulate and eliminate as much of the social safety net as workers will tolerate. Even the BRICS (Brazil, Russia, India, China and South Africa) that experienced rapid growth from the early 1990s until the great recession of 2008 have not escaped mass opposition to neoliberalism precisely because the impact on workers and peasants has been largely negative. <https://www.cvim.org/views/quarter-century-neo-liberal-economic-policies-unending-distress-and-peasant-resistance>; Juan Pablo Ferrero, *Democracy against Neoliberalism in Argentina and Brazil*, 2014; Mimi Abramovitz and Jennifer Zelnick, “*Double Jeopardy: The Impact of Neoliberalism on Care Workers in the United States and South Africa*”, <http://journals.sagepub.com/doi/abs/10.2190/HS.40.1.f>

Grassroots organizations opposed to policies that further integrate their countries into the world economy and marginalize the working class have been especially persistent in South Africa, Brazil, and India. To assuage if not co-opt the masses the BRICS followed a policy mix that combines neoliberalism, aspects of social welfare and statism. Combined with geopolitical opposition to US-NATO militarism and interventionism, the BRICS policies were an attempt to keep not just the national bourgeois loyal but the broader masses by projecting a commitment to national sovereignty.

In Brazil, India and South Africa internal and external corporate pressure along with US, EU, and IMF-World Bank pressures have been especially evident to embrace neoliberal policies and confront grassroots opposition rather than co-opt it at the cost of making concessions to labor. Considering that the development policies of the BRICS in the last three decades of neoliberal globalism accommodated domestic and foreign capital and were not geared to advance living standards for the broader working class and peasantry, grassroots opposition especially in Brazil, India and South Africa where the state structure is not nearly as powerful as in Russia and China manifested itself in various organizations. http://therealnews.com/t2/index.php?option=com_content&task=view&id=31&Itemid=74&jumival=12129; Walden Bello,

The BRICS: Challenges to the Global Status Quo”, in <https://www.thenation.com/article/brics-challengers-global-status-quo/>

One of the grassroots organizations managing to keep its autonomy is Brazil’s **Landless Workers Movement** (MST) skillfully remaining independent of both former President Luiz Inacio Lula da Silva and Dilma Rousseff. Although the MST supported some policies of the former presidents who presented themselves as champions of labor rather than capital, both Lula and Rousseff made substantial policy compromises with the neoliberal camp and were eventually implicated in corruption scandals revealing opportunism behind policy-making. While the record of their policies on the poor speaks for itself, the Lula-Rousseff era of **Partido dos Trabalhadores** was an improvement over previous neoliberal president Fernando Henrique Cardoso (1995-2003). <https://monthlyreview.org/2017/02/01/the-brazilian-crisis/>

The MST persisted with the struggle against neoliberal policies that have contributed to rising GDP heavily concentrated among the national and comprador bourgeoisie and foreign corporations. Other Latin American grassroots movements have had mixed results not much better than those in Brazil. Ecuador under president Rafael Correa tried to co-opt the left by yielding on some policy issues as did Lula and Rousseff, while pursuing a neoliberal development model as much as his Brazilian counterparts. With its economy thoroughly integrated into the US economy, Mexico is a rather unique case where grassroots movements against neoliberalism are intertwined with the struggle against official corruption and the narco-trade resulting in the assassination of anti-neoliberal, anti-drug activists. (William Aviles, *The Drug War in Mexico: Hegemony and Global Capitalism*; https://www.researchgate.net/publication/231966134_Grassroots_Movements_and_Political_Activism_in_Latin_America_A_Critical_Comparison_of_Chile_and_Brazil;

Anti-neoliberal resistance in the advanced countries has not manifested itself as it has in the developing nations through leftist movements such as South Africa’s **Abahlali baseMjondolo** or Latin American trade unions that stress a working class philosophy of needs rather than the one of rights linked to middle class property and identity politics. <https://roarmag.org/essays/south-africa-marikana-anc-poor/> Popular resistance to neoliberalism in the US has been part of the anti-globalization movement that includes various groups from environmentalists to anti-IMF-World Bank and anti-militarism groups.

Although there are some locally based groups like East Harlem-based **Justice in El Barrio** representing immigrants and low-income people, there is no national anti-neoliberal movement. Perhaps because of the war on terror, various anti-establishment pro-social justice groups assumed the form of bourgeois identity politics of both the Democratic Party and the Republican where some of the leaders use rightwing populism as an ideological means to push through neoliberal policies while containing grassroots anger resulting from social exclusion and institutional exploitation. <https://www.dissentmagazine.org/blog/the-legacy-of-anti-globalization>

Black Lives Matter revolving around the systemic racism issue and **Occupy Wall Street** anti-capitalist group fell within the left orbit of the Democratic Party (Senator

Bernie Sanders) who is an advocate of the pluralist-diversity model, opposes market fundamentalism, and proposes maintaining some vestiges of the Keynesian welfare state. With the exception of isolated voices by a handful of academics and some critics using social media as a platform, there is no anti-neoliberal grassroots movement that Democrats or Republicans has not successfully co-opted. Those refusing to be co-opted are invariably dismissed as everything from idealists to obstructionists. Certainly there is nothing in the US like the anti-neoliberal groups in Brazil, India, Mexico, or South Africa operating autonomously and resisting co-optation by political parties. The absence of such movements in the US is a testament to the strong state structure and the institutional power of the elites in comparison with many developing nations and even some parts of Europe.

https://www.salon.com/2015/08/15/black_lives_matter_joins_a_long_line_of_protest_movements_that_have_shifted_public_opinion_most_recently_occupy_wall_street/

As an integrated economic bloc, Europe follows uniform neoliberal policies using as leverage monetary and trade policy but also the considerable EU budget at its disposal for subsidies and development. A number of European trade unions and leftist popular groups fell into the trap of following either Socialist or centrist parties which are pluralist neoliberal and defend some remnants of Keynesianism. Those disillusioned with mainstream Socialist Parties pursue the same neoliberal policies of social exclusion as the conservatives fell in line behind newly formed non-Communist reformist parties (PODEMOS in Spain, SYRIZA in Greece, for example) with a Keynesian platform and socialist rhetoric.

As the government of Greek Prime Minister Alexis Tsipras proved once in power in 2015, self-baptized 'leftist' parties are leftist in rhetoric only. When it comes to policy they are as neoliberal as the opposition they criticize; even more dangerous because they have deceived people to support them as the alternative to neoliberal conservatives. Because grassroots movements and the popular base of political parties that promise 'reform' to benefit the masses are co-opted by centrists, center-left or rightwing political parties, social exclusion becomes exacerbated leading to disillusionment.

Consequently, people hoping for meaningful change become apathetic or they become angry and more radicalized often turning to rightwing political parties. Although there is a long-standing history of mainstream political parties co-opting grassroots movements, under neoliberalism the goal is to shape them into an identity politics mold under the pluralist or rightwing populist camp. Behind the illusion of choice and layers of bourgeois issues ranging from property rights and individual rights rests a totalitarian system whose goal is popular compliance.

<https://www.opendemocracy.net/uk/eliane-glaser/elites-right-wing-populism-and-left;>

<http://www.inclusivedemocracy.org/journal/vol11/>

[vol11_no1_Left_mythology_and_neoliberal_globalization_Syriza_and_Podemos.htm](http://www.inclusivedemocracy.org/journal/vol11/vol11_no1_Left_mythology_and_neoliberal_globalization_Syriza_and_Podemos.html)
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'De-democratization' under Neoliberalism

More subtly and stealthily interwoven into the institutional structure than totalitarian regimes of the interwar era, neoliberal totalitarianism has succeeded not because of the rightwing populist political camp but because of the pluralist one that supports

both militarism in foreign affairs and police-state methods at home as a means of maintaining the social order while projecting the façade of democracy. Whereas the neoliberal surveillance state retains vestiges of pluralism and the façade of electoral choice, the police state in interwar Germany and Italy pursued blatant persecution of declared ideological dogmatism targeting ‘enemies of the state’ and demanding complete subjugation of citizens to the regime. Just as people were manipulated in interwar Europe into accepting the totalitarian state as desirable and natural, so are many in our time misguided into supporting neoliberal totalitarianism.

In her book entitled *Undoing the Demos: Neoliberalism's Stealth Revolution* (2015), Wendy Brown argues that not just in the public sector, but in every sector of society neoliberal ideology of ‘de-democratization’ prevails. Extensions of a hierarchical economic system rather than citizens with civil and human rights guaranteed by a social contract aimed at the welfare of the collective, human beings are more commoditized today than they were in the nascent phase of industrial capitalism. The kind of ubiquitous transformation of the individual’s identity with the superstructure and the ‘de-democratization’ of society operating under massively concentrated wealth institutionally intertwined with political power in our contemporary era was evident in totalitarian countries during the interwar era.

Whereas protest and resistance, freedom of expression and assembly were not permitted by totalitarian regimes in interwar Europe, they are permitted in our time. However, they are so marginalized and/or demonized when analyzing critically mainstream institutions and the social contract under which they operate that they are stigmatized as illegitimate opposition. Permitting freedom of speech and assembly, along with due process and electoral politics best serves neoliberal socioeconomic totalitarianism because its apologists can claim the system operates in an ‘open society’; a term that Karl Popper the ideological father of neo-conservatism coined to differentiate the West from the former Communist bloc closed societies.

As Italian journalist Claudio Hallo put it: *“If the core of neoliberalism is a natural fact, as suggested by the ideology already embedded deep within our collective psyche, who can change it? Can you live without breathing, or stop the succession of days and nights? This is why Western democracy chooses among the many masks behind which is essentially the same liberal party. Change is not forbidden, change is impossible. Some consider this feature to be an insidious form of invisible totalitarianism.”* <https://www.rt.com/op-edge/171240-global-totalitarianism-change-neoliberalism/>

Post-modern consumerist culture has inculcated into peoples’ minds that they have never been so free yet they have never felt so helpless, as Polish sociologist Zygmunt Bauman has commented. Freedom is quantitatively measured based on materialist criteria at the individual rather than collective level and at a cost not just to the rest of society but to one’s humanity and any sense of social responsibility sacrificed in the quest for atomistic pursuit. Not only the media, but government at all levels, educational institutions and the private sector incessantly reinforce the illusion of individual freedom within the context of the neoliberal totalitarian institutional structure. This is a sacred value above all others, including knowledge, creativity, and the welfare of society as a whole (public interest supplanted by private profit), as though each individual lives alone on her/his planet.

https://thehumanist.com/magazine/march-april-2015/arts_entertainment/what-about-me-the-struggle-for-identity-in-a-market-based-society;
[https://www.counterpunch.org/2015/12/04/american-nightmare-the-depravity-of-neoliberalism/;](https://www.counterpunch.org/2015/12/04/american-nightmare-the-depravity-of-neoliberalism/)
<https://www.theguardian.com/commentisfree/2014/sep/29/neoliberalism-economic-system-ethics-personality-psychopathicstic;>
https://www.academia.edu/28509196/Neoliberal_Illusions_of_Freedom

In an essay entitled “*The unholy alliance of neoliberalism and postmodernism*”, Hans van Zon argues that as the Western World’s dominant ideologies since the 1980s, “*undermine the immune system of society, neoliberalism by commercialization of even the most sacred domains and postmodernism by its super-relativism and refusal to recognize any hierarchy in value or belief systems.*”

<http://www.imavo.be/vmt/13214-van%20Zon%20postmodernism.pdf>. Beyond undermining society’s immune system and the open society under capitalism, as Hans van Zon contends, the convergence of these ideologies have contributed to the ‘de-democratization’ of society, the creation of illiberal institutions and collective consciousness of conformity to neoliberal totalitarianism. The success of neoliberalism inculcated into the collective consciousness is partly because of the long-standing East-West confrontation followed by the manufactured war on terror. However, it is also true that neoliberal apologists of both the pluralist and rightwing camp present the social contract as transcending politics because markets are above states, above society as ‘objective’ thus they can best determine the social good on the basis of commoditized value. (Joshua Ramsay, “*Neoliberalism as Political Theology of Chance: the politics of divination.*”

<https://www.nature.com/articles/palcomms201539>

An evolutionary course, the ‘de-democratization’ of society started in postwar US that imposed transformation policy on the world with the goal of maintaining its economic, political, military and cultural superpower hegemony justified in the name of anti-Communism. Transformation policy was at the root of the diffusion of the de-democratization process under neoliberalism, despite the European origin of the ideology. As it gradually regained its status in the core of the world economy after the creation of the European Economic Community (EEC) in 1957, northwest Europe followed in the path of the US. <http://www.eurstrat.eu/the-european-neoliberal-union/>

Ten years before the Treaty of Rome that created the EEC, Austrian economist Friedrich Hayek gathered a number of scholars in Mont Pelerin where they founded the neoliberal society named after the Swiss village. They discussed strategies of influencing public policy intended to efface the Keynesian model on which many societies were reorganized to survive the Great Depression. Financed by some of Europe’s wealthiest families, the Mont Pelerin Society grew of immense importance after its first meeting which coincided with the anti-labor Taft-Hartley Act, the Truman Doctrine formalizing the institutionalization of the Cold War, and the Marshall Plan intended to reintegrate Europe and its colonies and spheres of influence under the aegis of the US. Helped along by the IMF, World Bank, and the International Agreement on Tariffs and Trade established in 1947, US transformation policy was designed to shape the world to its own geopolitical and economic advantage based on a neo-classical macroeconomic and financial theoretical model on which neoliberal ideology rested.

http://fpif.org/from_keynesianism_to_neoliberalism_shifting_paradigms_in_economics/

Considering that millionaires and billionaires provide funding for the Mont Pelerin Society and affiliates, this prototype neoliberal think tank became the intellectual pillar of both the pluralist and rightwing neoliberal camps by working with 460 think tanks that have organizations in 96 countries where they influence both centrist and rightwing political parties. Whether Hillary Clinton's and Emmanuel Macron's pluralist neoliberal globalist version or Donald Trump's and Narendra Modi's rightwing populist one, the Mont Pelerin Society and others sharing its ideology and goals exercise preeminent policy influence not on the merit of its ideas for the welfare of society but because the richest people from rightwing Czech billionaire Andrej Babis to liberal pluralist billionaires either support its principles and benefit from their implementation into policy. (J. Peterson, *Revoking the Moral Order: The Ideology of Positivism and the Vienna Circle*, 1999;

<https://www.theguardian.com/commentisfree/2016/nov/09/rise-of-the-davos-class-sealed-americas-fate>

If the neoliberal social contract is the answer to peoples' prayers world-wide as Hayek's followers insist, why is there a need on the part of the state, international organizations including UN agencies, billionaire and millionaire-funded think tanks, educational institutions and the corporate and state-owned media to convince the public that there is nothing better for society than massive capital concentration and social exclusion, and social conditions that in some respects resemble servitude in Medieval Europe? Why do ultra-rightwing Koch brothers and the Mercer family, among other billionaires and millionaires from North America, Europe, India, South Korea and Latin America spend so much money to inculcate the neoliberal ideology into the collective consciousness and to persuade the public to elect neoliberal politicians either of the pluralist camp or the authoritarian one?

<http://www.businessinsider.com/michael-bloomberg-forbes-rupert-murdoch-billionaires-2011-3>; <https://www.theatlantic.com/politics/archive/2017/01/no-one-knows-what-the-powerful-mercurs-really-want/514529/>

Seventy years after Hayek formed the Mont Leperin Society to promote a future without totalitarianism, there are elected neoliberal politicians from both the pluralist and authoritarian camps with ties to big capital and organized crime amid the blurring lines between legal and illegal economic activities that encompasses everything from crypto-currency and insider trading to offshore 'shell corporations' and banks laundering money for drug lords and wealthy tax evaders. Surrender of popular sovereignty through the social contract now entails surrender to a class of people who are criminals, not only based on a social justice criteria but on existing law if it were only applied to them as it does to petty thieves. In the amoral Machiavellian world of legalized "criminal virtue" in which we live these are the leaders of society. Indicative of the perversion of values now rooted in atomism and greed, the media reports with glowingly admiring terms that in 2017 the world's 500 richest people became richer by \$1 trillion, a rise that represents one-third of Africa's GDP and just under one-fifth of Latin America's. Rather than condemning mal-distribution of income considering what it entails for society, the media and many in the business of propagating for neoliberalism applaud appropriation within the legal framework of the social contract

as a virtue. <http://www.hindustantimes.com/business-news/500-richest-people-became-1-trillion-richer-in-2017-mukesh-ambani-tops-indian-list/story-JcNXhH9cCp2pzRopkoFdfL.html>; Bob Brecher, “Neoliberalism and its Threat to Moral Agency” in *Virtue and Economy*. ed. Andrius Bielskis and Kelvin Knight, (2015)

Neoliberalism has led to the greater legitimization of activities that would otherwise be illegal to the degree that the lines between the legitimate economy and organized criminal activity are blurred reflecting the flexible lines between legally-financed millionaire-backed elected officials and those with links to organized crime or to illegal campaign contributions always carrying an illegal quid-pro-quo legalized through public policy. Beyond the usual tax-haven suspects Panama, Cyprus, Bermuda, Malta, Luxemburg, among others including states such as Nevada and Wyoming, leaders from former Prime Minister Silvio Berlusconi to President Donald Trump with reputed ties to organized criminal networks have benefited from the neoliberal regime that they served.

https://www.researchgate.net/publication/254953831_Economic_Crime_and_Neoliberal_Modes_of_Government_The_Example_of_the_Mediterranean)

Self-righteous pluralist neoliberals castigate rightwing billionaires for funding rightwing politicians. However, there is silence when it comes to the millions amassed by pluralist neoliberals as the infamous “Panama Papers” revealed in 2016. Despite the institutionalized kleptocracy, the media has indoctrinated the public to accept as ‘normal’ the converging interests of the capitalist class and ruling political class just as it has indoctrinated the public to accept social exclusion, social inequality, and poverty as natural and democratic; all part of the social contract.

(<http://revistes.uab.cat/tdevorado/article/view/v2-n1-armao>; Jose Manuel Sanchez Bermudez, *The Neoliberal Pattern of Domination: Capital’s Reign in Decline*, 2012; <https://www.globalresearch.ca/neoliberalisms-world-of-corruption-money-laundering-corporate-lobbying-drug-money/5519907>)

The Future of Neoliberalism

After the great recession of 2008, the future of neoliberalism became the subject of debate among politicians, journalists and academics. One school of thought was that the great recession had exposed the flaws in neoliberalism thus marking the beginning of its demise. The years since 2008 proved that in a twist of irony, the quasi-statist policies of China with its phenomenal growth have actually been responsible for sustaining neoliberalism globally and not just because China has been financing US public debt by buying treasuries while the US buys products made in China. This view holds that neoliberalism will continue to thrive so as long as China continues its global ascendancy, thus the warm reception to Beijing as the new globalist hegemonic power after Trump’s noise about pursuing economic nationalism within the neoliberal model. (Barry Eichengreen, *Hall of Mirrors: The Great Depression, the Great Recession and the Uses and Misuses of History*, 2016;

<http://www.e-ir.info/2011/08/23/has-the-global-financial-crisis-challenged-us-power-in-international-finance/>)

China is not pursuing the kind of neoliberal model that exists in the US or the EU, but its economy is well integrated with the global neoliberal system and operates within

those perimeters despite quasi-statist policies also found in other countries to a lesser degree. Adjusted for purchasing power parity (PPP), China's current share of world GDP stands at 16% and at annual growth above 6% it is expected to reach 20%, by 2020. This in comparison with only 1.9% in 1979 and it explains why its currency is now among the IMF-recognized reserved currencies. With about half-a-million foreign companies in China and an average of 12,000 new companies entering every day, capitalists from all over the world are betting heavily on China's future as the world's preeminent capitalist core country in the 21st century. China will play a determining role in the course of global neoliberalism, and it is politically willing to accept the US as the military hegemon while Beijing strives for economic preeminence. Interested in extracting greater profits from China while tempering its race to number one, Western businesses and governments have been pressuring Beijing to become more immersed in neoliberal policies and eliminate all elements of statism. http://www.chinadaily.com.cn/business/2012-09/22/content_15775312.htm; <https://en.portal.santandertrade.com/establish-overseas/china/foreign-investment>

Although the US that has 450,000 troops in 800 foreign military bases in more than 150 countries and uses its military muscle along with 'soft-power' policies including sanctions as leverage for economic power, many governments and multinational corporations consider Beijing not Washington as a source of global stability and growth. With China breathing new life into neoliberalism on the promise of geographic and social convergence, it is fantasy to speculate that neoliberalism is in decline when in fact it is becoming more forcefully ubiquitous. However, China like the West that had promised geographic and social convergence in the last four decades of neoliberalism will not be any more successful in delivering on such promises. The result of such policies will continue to be greater polarization and social exclusion and greater uneven development, with China and multinationals investing in its enterprises becoming richer while the US will continue to use militarism as leverage to retain global economic hegemony rapidly eroding from its grip. (<http://zaprunderworld.org/journal/archive/volume-3/the-welfare-state-decline-and-the-rise-of-neoliberalism-since-the-1980s-some-approaches-between-latin-america-core-and-peripheral-countries/> ; Dic Lo, *Alternatives to Neoliberal Globalization*, 2012)

Between China and the US, the world can expect neoliberal globalization to continue under the pluralist and populist rightwing models in different countries with the two converging and reflecting the totalitarian essence of the system at its core. Characterized by rapid development and sluggish growth in Japan and Western core countries, neoliberal globalization has entailed lack of income convergence between the developed and developing world where uneven export-oriented growth based on the primary sector keeps developing nations perpetually dependent and poor. Interestingly, the trend of falling incomes characteristic of the developing nations from 1980 to 2000 was just as true in Western countries. It was during these two decades of ascendant neoliberalism that rightwing populist movements began to challenge the pluralist neoliberal political camp and offering nationally-based neoliberal solutions, further adding to the system's existing contradictions. (Dic Lo, *Alternatives to Neoliberal Globalization*, 2012)

The debate whether the rise of populism or perhaps the faint voices of anti-capitalism will finally bring about the end of neoliberalism often centers on the digital-biotech

revolution often blamed for exacerbating rather than solving social problems owing to uneven benefits accruing across social classes. It is somewhat surprising that IMF economists have questioned the wisdom of pursuing unfettered neoliberalism where there is a trade-off between economic growth and social exclusion owing to growing income inequality. Naturally, the IMF refrains from self-criticism and it would never suggest that neoliberal globalization that the Fund has been promoting is responsible for the rise of rightwing populism around the world.

Within the neoliberal camp, pluralist-diversity advocates are satisfied they have done their part in the ‘fight for democracy’ when in fact their stealthy brand of the neoliberal social contract is in some respects more dangerous than the populist camp which is unapologetically candid about its pro-big business, pro-monopoly, pro-deregulation anti-social welfare platform. Shortly after Trump won the presidential election with the help of rightwing billionaires and disillusioned workers who actually believed that he represented them rather than the billionaires, an article appearing in the *Christian Science Monitor* is typical of how pluralist neoliberals view the global tide of rightwing populism.

“Worldwide, it has been a rough years for democracy. The UK, the United States and Colombia made critical decisions about their nations' future, and – at least from the perspective of liberal values and social justice – they decided poorly. Beyond the clear persistence of racism, sexism and xenophobia in people's decision-making, scholars and pundits have argued that to understand the results of recent popular votes, we must reflect on neoliberalism. International capitalism, which has dominated the globe for the past three decades, has its winners and its losers. And, for many thinkers, the losers have spoken. My fieldwork in South America has taught me that there are alternative and effective ways to push back against neoliberalism. These include resistance movements based on pluralism and alternative forms of social organisation, production and consumption.”

<https://www.csmonitor.com/Technology/Breakthroughs-Voices/2016/1206/Opposing-neoliberalism-without-right-wing-populism-A-Latin-American-guide>

Without analyzing the deeper causes of the global tide of rightwing populism promoting neoliberalism under an authoritarian political platform, pluralist-diversity neoliberals continue to promote socioeconomic policies that lead to social exclusion, inequality, and uneven development as long as they satisfy the cultural-lifestyle and corporate-based sustainable-development aspects of the social contract. To lend legitimacy and public acceptance among those expecting a commitment to pluralism, the neoliberal pluralists embrace the superficialities and distraction of diversity and political correctness. Ironically, the political correctness trend started during the Reagan administration’s second term and served as a substitute for social justice that the government and the private sector were rapidly eroding along with the social welfare state and trade union rights. As long as there is ‘political correctness’, in public at least so that people feel they are part of a ‘civilized’ society, then public policy can continue on the barbaric path of social exclusion, police-state methods, and greater economic inequality.

[https://www.dissentmagazine.org/online_articles/fighting-trump-right-wing-populism-vs-neoliberalism/;](https://www.dissentmagazine.org/online_articles/fighting-trump-right-wing-populism-vs-neoliberalism/)

<http://journals.sagepub.com/doi/full/10.1177/2056305117733226>

The future of neoliberalism includes the inevitability that social exclusion will lead to social uprisings especially as even some billionaires readily acknowledge the social contract favors them to the detriment of society. As the voices against systemic exploitation become louder, the likelihood will increase for authoritarian-police state policies if not regimes reflecting the neoliberal social contract's ubiquitous stranglehold on society. Although resistance to neoliberalism will continue to grow, the prospects for a social revolution in this century overturning the neoliberal order in advanced capitalist countries is highly unlikely. Twentieth century revolutions succeeded where the state structure was weak and people recognized that the hierarchical social order was the root cause of the chasm between the country's vast social exclusion coupled with stagnation vs. its potential for a more inclusive society where greater social equality and social justice would be an integral part of the social contract. (Donna L. Chollett, *Neoliberalism, Social Exclusion, and Social Movements*, 2013)

Despite everything pointing to the dynamics of a continued neoliberal social contract, diehard pluralists like British academic Martin Jacques and American economist Joseph Stiglitz insist there is hope for reformist change. In *The Politics of Thatcherism* (1983) Jacques applauded neoliberalism, but during the US presidential election in 2016 he had changed his mind, predicting neoliberalism's demise. He felt encouraged that other pluralist neoliberals like Paul Krugman and Joseph Stiglitz were voicing their concerns signaling an interest in the debate about social inequality. In an article entitled "*The death of neoliberalism and the crisis in western politics*", he wrote: "*A sure sign of the declining influence of neoliberalism is the rising chorus of intellectual voices raised against it. From the mid-70s through the 80s, the economic debate was increasingly dominated by monetarists and free marketeers.*" <https://www.theguardian.com/commentisfree/2016/aug/21/death-of-neoliberalism-crisis-in-western-politics>

Along with Krugman, Stiglitz and others in the pluralist camp favoring a policy mix that includes Keynesianism, Martin Jacques, Thomas Picketty and others like them around the world do enjoy some small influence with the pluralist-diversity camp. However, the demise of neoliberalism will not result from intellectual critiques regardless of the merits. On the contrary, the neoliberal social contract is solidifying not evolving toward dissolution. This is largely because the dynamics of the social order continue to favor it and the opposition is split between ultra-right nationalists, pluralists of varying sorts resting on hope of restoring Keynesian rationalism in the capitalist system, and the very weak and divided leftists in just about every country and especially the core ones. <https://theconversation.com/if-we-are-reaching-neoliberal-capitalisms-end-days-what-comes-next-72366>

Neoliberalism's inherent contradictions will result in its demise and the transition into a new phase of capitalism. Among the most obvious and glaring contradictions is that the ideology promotes freedom and emancipation when in practice it is a totalitarian system aimed to mold society and the individual into conformity of its dogmatic market fundamentalism. Another contradiction is the emphasis of a borderless global market, while capitalists operate within national borders and are impacted by national policies that often collide at the international level as the competition intensifies for market share just as was the case in the four decades before the outbreak of WWI. Adding to the list of contradictions that finds expression the debate between

neoliberal rightwingers and pluralists is the issue of “value-free” market fundamentalism while at the same time neoliberals conduct policy that has very strong moral consequences in peoples’ lives precisely because of extremely uneven income distribution.

The enigma in neoliberalism’s future is the role of grassroots movements that are in a position to impact change but have failed thus far to make much impact. Most people embrace the neoliberal political parties serving the same capitalist class, operating under the illusion of a messiah politician delivering the promise of salvation either from the pluralist or authoritarian wing of neoliberalism. The turning point for systemic change emanates from within the system that fails to serve the vast majority of the people as it is riddled with contradictions that become more evident and the elites become increasingly contentious about how to divide the economic pie and how to mobilize popular support behind mainstream political parties so they can maintain the social order under an unsustainable political economy. At that juncture, the neoliberal social contract suffers an irrevocable crisis of public confidence on a mass scale. Regardless under which political regime neoliberalism operates, people will eventually reject hegemonic cultural indoctrination. A critical mass in society has not reached this juncture. Nevertheless, social discontinuity is an evolutionary process and the contradictions in neoliberalism will continue to cause political disruption, economic disequilibrium and social upheaval.