

Neoliberalism (Academic version)

Neoliberalism, the prevalent economic system in the world, affects every aspect of our lives and the environment. However, not many people exactly understand this concept.

Neoliberalism is an international economic model, promoted¹ by U.S. and associated multilateral institutions, since the fall of the Soviet Union. It favours market forces and calls to eliminate barriers to global trade, therefore encouraging uncontrolled prices and trade, and the mobilization of land, labour, and capital. It also intentionally weakens central governments by promoting decentralization, privatization, cuts in government-supplied social services, and endorses foreign investment, export-led production and signing free trade agreements [1-6]. According to the model, strong legal interventions should be made by the state to allow minimum economic interventions [7].

Milton Friedman was the main founder and promoter of the Neoliberal theory [1]. He based his theory around the term free market, an idealized system in which prices are determined by open market competition and consumer decisions, in which the forces of supply and demand are free from any intervention by a government or other authority. His general assumption was that the free market is a perfect system where the individual, when acting selfishly, benefits the whole of society. He compares the free market to an ecosystem which regulates itself to keep balance. A free market, if left to run independently, will produce the exact right amount of products at the right prices to be consumed by workers, earning exactly enough to buy the products. Therefore, according to the theory, when the system fails, like in cases of high inflation or unemployment, the only possible reason could be that the market is not really free, and the solution must be stricter implementation of Neoliberal rules of free markets [1]. Neoliberal systems have profound social implications, as individuals are

¹ And to a certain level imposed through international economic sanctions (Klein 2007).

encouraged not only to consume, but to maximize benefits and profits, as only through economic growth can they reduce risks to their own lives [7]. The concept and answer to moral issues are also different from former governmental systems. For example, Neoliberalism sees outlaws as people seeking to maximize their benefits, and therefore responds by creating economic incentives for appropriate behaviours, rather than applying social and ethical pressures [7, 8]. Although Dr. Friedman was clearly inspired by ecological systems while designing the Neoliberal worldview, he does not include environmental issues, such as natural resource depletion, reduction of environmental regulations, etc. in his writings.

Naomi Klein [1], in her book 'The Shock Doctrine' describes the history of Neoliberalism. She argues that situations of shock and collective trauma are used by governments to implement radical social and economic changes. She retells the histories of Latin American countries, looking at the role of national and international Neoliberal advocacy in the occurrence of bloody revolutions and government practice of violence and torture. She claims that they are used as methods to scare and confuse whole populations to the point of softening and agreeing to Neoliberal reforms, which would jeopardize the economy of the majority of their members. In many cases government violence towards citizens is presented as part of the war against terrorism or communism.

Bibliography

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3. Loker, W.M., "*Campeños*" and the crisis of modernization in Latin America. *Journal of Political Ecology*, 1996. **3**: p. 69.
4. Igoe, J. and B. Croucher, *Conservation, Commerce, and Communities: The Story of Community-Based Wildlife Management Areas in Tanzania's Northern Tourist Circuit*. *Conservation and Society*, 2007. **5**(4): p. 534.
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6. Ferguson, J., *Global shadows: Africa in the neoliberal world order*. 2006: Duke University Press.
7. Foucault, M., *The birth of Biopolitics*. 2008, New York: Palgrave Macmillan.
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Questions

In general, does the text give a good overview of Neoliberalism and its social consequences, or do you think there are better ways to cover this issue?

Does this need more background info?

Is it easy and interesting to read? Does the English need editing? Can you suggest edits?

Are parts of the text irrelevant, repetitive, or should be rephrased or deleted?

Are there any relevant issues that are not covered by this text? Would you be able to add them or just list them to be added by us?

Can you suggest a person or an institution that might have the right experience and perspective to rewrite this text? Are you happy to forward this text to them?

Do you know of any academic work related to the subject that can be added to this text?

This is the academic version of this issue. Are you interested in writing the shorter, non-academic version? If not, could you suggest what parts are the most relevant to be kept in the shorter version?

Any other comment?

Would including a real life example of neoliberal policies help to make this point more accessible to people?