Neoliberalism and Process of Privatisation

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Abstract
Drawing from various sources it seeks to establish that neoliberalism is not only an economic ideology, but that of a social, political and cultural ideology. It is important to distinguish between the proponents of neoliberalism, a group consisting of Friedrich Hayek and Milton Friedman, who argue that neoliberal political and economic thought is the best manner in which to lead one’s life as it is based on ‘unprecedented individual freedom’. On the other hand the critical thinkers view neoliberalism challenging to the ideas of equality and social justice. This paper would not be addressing specifically the process of neoliberalism in India, it would rather focus on the general theory and ideology of neoliberalism. In this paper author will try to discusses the ideology, policy and practice of neoliberalism.

Keyword
Neoliberalism, Privatisation, Financialisation, Redistributive Polices, WTO, Public Pedagogy

Introduction
The version of neoliberalism propounded by Hayek and Friedman promotes the control of the ‘market’ over that of the sovereignty of the democratic state. Hayek (1944, 25-26) states that neoliberal thought developed as a support to capitalism and in clear opposition to socialism. The proponents of neoliberalism, argues Hayek, ‘believed that socialism has mutated into fascism in Germany and Stalinism in the Soviet Union and argued that socialism promised a false and morally repellent freedom from economic necessity at the cost of limited choices and an inevitable descent into totalitarianism’. Neoliberals thus believe in maximization of individual freedom through competition and the chief role of the government is to ensure profitable conditions for competition. Hayek (1944) argues that it is important to recognize that human rights and equality under neoliberalism are the rights and equality to compete, but not the rights from the same starting line, with the same equipment, or at the sound of the same gun. It certainly does not include rights to certain outcomes, such as a certain degree of health or education.

Harvey (2003; 2007) and Braedley and Luxton (2010), argue that an important aspect of neoliberalism is that it has been developed upon the principles of classical 18th and 19th century liberalism as developed by De Tocqueville, Hume, Locke and Smith. Liberalism’s primary value is individual human freedom from coercion and servitude. This idea, taken up by the neoliberals promotes expansions of wealth and allows people freedom to pursue their interests. Drawing upon the works of Brodie (2007), Braedley and Luxton (2010) argue that unlike classical liberalism, aspects of neoliberal policies have brought the logic and rationale of market in all aspects of life, social, political and cultural and not just economic. The
critical thinkers on the other hand argue that neoliberalism is very much a severe version of the classical liberal economic theory developed by Adam Smith and David Ricardo in the 18th and 19th centuries. The scholars have described neoliberalism as ideology (Giroux and Luxton), creative destruction (Harvey), a project (Connell), a logic of governance (Braedley), Bourdieu (pedagogy), arguing using different theoretical and methodological perspectives, that neoliberalism is not advancing social justice and equality but instead is legitimating, reiterating and intensifying injustices and inequality. Giroux (2004) argues that it is important to understand that neoliberalism is not a ‘neutral, technical, economic discourse’, rather it is an ideology and politics buoyed by the spirit of market fundamentalism that subordinates the art of democratic politics…to the market economy that expands it reach to include all aspects of social life within the dictates and values of a market driven society.

The objectives of the study

1. To analyse neoliberalism not only as an economic ideology, but also as a social, political and cultural ideology.
2. To understand the complexity of the processes of neoliberalism
3. To examine neoliberalism as an ideology in terms of its features and its impact on one’s lives and ideas.
4. To understand the processes of structural inequalities worsened by neoliberalism.

Methodology

As the study is merely descriptive in nature the investigator has made an honest attempt to study the various relevant books/Journals/ website for the information regarding the neoliberalism. The investigator has tried his utmost to make the study as objective as possible by employing different previous studies and information available on internet.

Neoliberalism: Definition and its Challenges

Harvey (2007:22) defines neoliberalism as a ‘theory of political economic practices proposing that human well-being can best be advanced by the maximisation of entrepreneurial freedoms within an institutional framework characterised by private property rights, individual liberty, unencumbered markets and free trade’. According to Harvey (2003, 2007) two important issues with regard to neoliberalism stands out. One neoliberalisation has been accompanied by increasing volatility within global capitalism. Secondly neoliberalism has been a huge success from the standpoint of the upper classes. It has thus restored class position to the ruling elites in advanced capitalist economies of U.S and Britain or have created conditions for capitalist class formations, as in China, India, Russia and elsewhere. What is interesting how the media, which is controlled by the ruling elite have institutionalised the idea that certain sectors have failed as they were not competitive enough. Harvey (2007:34) gives an interesting argument where he states that ‘within neoliberalisation, social inequality was necessary to encourage entrepreneurial risk and innovation, and these in turn conferred competitive advantage and stimulated growth. If conditions among the lower classes deteriorated, it was because they failed for personal and cultural reasons to enhance their own human capital through education, the acquisition of a protestant work ethic, and submission to work discipline and flexibility. In short problems arose because of the lack of the competitive strength or because of personal, cultural and political failings’.

An important aspect of neoliberalism was to move and transfer assets, wealth and resources from the vulnerable to the upper class and from poor countries to the richer powerful countries. Harvey, conceptualises this process as ‘accumulation by dispossession’ (Harvey 2003). This process according to Harvey (2007:34) refers to the continuation and legitimisation of certain practices that Karl Marx had referred to as ‘primitive’ while analysing the rise of capitalism. The processes include the following:
1. the commodification and privatisation of land and the forceful expulsion of peasant populations (observed in Mexico and India); 
2. conversion of various forms of property rights (common, collective, state) into exclusively private property rights; 
3. suppression of rights to the commons; 
4. commodification of labor power and the suppression of alternative (indigenous) forms of production and consumption; 
5. colonial, neocolonial and imperial processes of appropriation of assets (including natural resources); 
6. monetisation of exchange and taxation, particularly of land; 
7. the slave trade (sex industry) and 
8. usury, national debt and use of the credit system as radical means of primitive accumulation.

What one observes is the following four elements of neoliberalisation, that forms of the core of the process of accumulation by dispossession, which has transferred of assets from the public to the private and particularly class-privileged domain includes:

1. **Privatisation:**
The corporatization, commodification and privatisation of public assets are core to the project of neoliberalism. The principle behind this is to implement policies and principles that would facilitate capital accumulation. Within this project public utilities (includes water, telecommunications, transportation), social welfare (housing, education, health care, pension); public institutions (research laboratories, prisons) and even warfare (private ‘army’ of private contractors) have been privatised to an extent throughout the capitalist world. Further the rolling back of regulatory frameworks designed to protect labour and the environment degradation by the state has meant the loss of rights. Privatisation, with respect to the Indian case, entails the transfer of productive assets from the state to private companies. Productive assets include natural resources: earth, forest, water, air. These are the assets that the state holds in trust for the people it represents to snatch these away and sell them as stock to private companies is a process of barbaric dispossession on a scale that has no parallel in history”.

2. **Financialisation:**
The financial processes were marked by speculative and predatory ways. Deregulation allowed the financial system to become one of the main centres of redistributive activity through speculation and fraud. Harvey (2007) argues that the emphasis on stock values to manipulations in the market that created immense wealth for few and insecurity and vulnerability for many.

3. **The management and manipulation of crises:**
A crucial aspect of the accumulation by dispossession is the use of ‘debt trap’ as an important mechanism. Crisis creation, management and manipulation on the world stage have evolved into a fine art of deliberative redistribution of wealth from poor countries to the rich. Harvey (2007:37) states that forced into bankruptcy many countries agreed to structural adjustment policies and thus debt crises in individual countries that was uncommon in 1960s, became frequent and during the 1980s and 1990s. It is argued that these debt crises were manipulated and controlled to rationalize and redistribute assets during the 1980s and 1990s from the poor vulnerable countries to the rich countries. Within this management, the state and international institutions played an important role, by framing policies.

**State redistributions:**
It is generally argued that within neoliberalism there is a withdrawal of the state from its functions. Rather than retreat of the state, there is considerable shift in the manner in which the state performs and executes their functions. The state within a neoliberal political economic structure becomes a primary agency of redistributive polices. These policies are defined by privatisation
schemes and cutbacks in government expenditures in social welfare schemes, channelises a trend where resources are drawn from the vulnerable to the elite ruling class. Through different taxation measures that benefit the rich at the expense of the poor and marginalized, implementation of user fees for every important utility such as education, health, and the implementation of subsidies and tax breaks to corporation. In cases where the people through mass political movements oppose the state and its neoliberal, the state uses repressive tactics to control, suppress and limit its citizens.

India’s rural economy, which supports seven hundred million people, is being garrotted. Farmers who produce too much are in distress. Farmers who produce little are in distress and landless agricultural labourers are out of work as big estates lay off their workers. They are all flocking to the cities in search of employment”. Thus the processes of neoliberalism has rendered vulnerable not only the economic security of the poor, but also has shattering impacts on their dignity and social well-being. In this context, Harvey (2007:39) writes, “the wave of creative destruction of neoliberalisation has visited across the globe is unparalleled in the history of capitalism”.

In the context of defining neoliberalism Saad-Filho and Johnston (2005), argue that it is difficult to define it for three interconnecting reasons: one, methodologically, neoliberalism is not a mode of production and thus does not include a clearly defined set of features such as that of ‘feudalism’, or ‘capitalism’. Neoliberalism is a complex entity interlocking wide range of social, economic and political phenomena at different levels. At its most abstract level it manifests in the wide growing power of finance and at the concrete level represented in the privatisation of welfare through non-governmental organisations or corporate house through their corporate social responsibility programmes.

Secondly, neoliberalism is conjoined with imperialism and globalisation. Saad-Filho and Johnston (2005:2) state that “the process of globalisation is merely the international face of neoliberalism: a worldwide strategy of accumulation and social discipline that doubles up as an imperialist project, spearheaded by the alliance between the US ruling class and locally dominant capitalist coalitions. This ambitious power project centred on neoliberalism at home and imperial globalism abroad is implemented by diverse social and political alliances in each country”.

Thirdly, historical analysis of neoliberalism requires a multi-level approach. Saad-Filho and Johnston (2005:2) argue that neoliberalism draws from wide range: from Adam Smith, neoclassical economics, to the soviet-style socialism and monetarism. The influence according to Saad-Filho and Johnston (2005:2) increased tremendously with the breakdown of post-war order: the end of ‘golden age’ of rapid economic world-wide growth in the late 1960s, the collapse of the Bretton Woods system in the early 1970s, the meltdown of the Soviet Bloc in the 1980s and the collapse of the development alternatives in the poor countries, especially after the balance of payment crises in the 1980s and 1990s.

Neoliberalism, State and Economy

While avoiding a linear historical analysis, the basic feature of neoliberalism is the methodical use of state power and resources to impose (financial) market imperatives, within domestic structures that is legitimised internationally through the processes of ‘globalisation’. The state according to Harvey, has to set up and establish institutions such as military, police, defence and judicial functions so that private property rights is maintained. The other important function is to establish ‘freely functioning markets’ and the state intervention in markets (once created) must be kept to a bare minimum, because powerful interests will inevitably distort and bias state interventions (particularly in democracies) for their own benefit. What is important to recognize is that neoliberalism has become hegemonic as a mode of discourse and has pervasive effects on ways of thought and political-economic practices to the point where it has become incorporated into the commonsense way we interpret, live in and understand the world. Thus neoliberal advocates now occupy positions of considerable influence in education (universities and many ‘think tanks’), in the media, in corporate board rooms and financial institutions, in key state institutions (treasury and central banks) and also in international financial institutions such as International Monetary Fund (IMF), and the World Trade Organisation (WTO) that regulate global finance and commerce.
Neoliberalism has become institutionalised as a global set of rules, where the rules of engagements now established through the WTO, that governs international trade and by the IMF, that governs international finance are globally recognised and followed. Harvey (2007) describes the global acceptance and institutionalisation of ‘neoliberalism’, as the process of ‘naturalisation’, where its ideas have become deeply embedded within consciousness that it is perceived as ‘natural’.

By the late 1960s, there seemed globally a political threat to the ruling classes everywhere, both in advanced capitalist countries, like Italy and France, and in many developing countries like Mexico and Argentina. Further the economic threat to the position of ruling classes was now becoming intense.

Harvey (2007) argues that we need to understand that even if there is an uneven geographical development of neoliberalism globally, the crisis of capital accumulation of the 1970s deeply affected each and every country through the combination of rising unemployment and accelerating inflation. Thus after the 1980s, the imperial power United States supported by Britain, through strategic leadership and persuasion; such as involving economics departments of the U.S. research universities played an important role in training many economists worldwide in neoliberal values- led to export of neoliberal principles globally. Harvey (2003), in his major work ‘The New Imperialism’, states that ‘the purge of Keynesian economists and their replacements by neoliberal monetarists in the IMF in 1982 transformed the U.S dominated IMF into a prime agent of neoliberalisation through its structural adjustment programs visited upon any state (and there were many in the 1980s and 1990s) that required its help with debt repayments. The Washington Consensus that was forged in the 1990s and the negotiating rules set up under the WTO in 1998 confirmed the global turn toward neoliberal practices’.

It is thus important to recognize that neoliberalism is a particular organization of capitalism, which protects ‘capital’ at the cost of labour. The power of labour is reduced drastically and is left to fend for itself within the vagaries of capital globally. Saad-Filho and Johnston (2005:2) state that such a kind an over powerful institutional ideology, policy and structures are a result of social, economic and political transformations both within the domestic realm and as well as the external global forces.

Such a process has eroded the viability of the state to direct and frame policies for the goals of social justice and equality, rather within neoliberalism corporate power has increased and strengthened, with finance gaining unprecedented position, with the political ideology shifting towards ‘right’ globally. As Saad-Filho and Johnston (2005) argue the left parties and mass organizations have weakened and trade unions have been eroded of their presence by large scale unemployment and increase considerably of contractual, insecure and powerless labour worldwide. Globally the pressures on states include external pressure of western cultural imposition, influx of western ideology, international support for state and civil society institutions professing neoliberal values, the use of foreign aid, debt relief and balance of payments support to institutionalize neoliberal programme, and diplomatic pressure, political unrest and military intervention through war whenever deemed necessary.

Critiquing an important argument of pro-neoliberalists that neoliberalism by bringing in trade openness is good for economic growth. Saad-Filho and Johnston (2005:5) state that there is no compelling argument that neoliberalism is important for economic growth globally. They argue that under neoliberalism, economic growth rates have dropped, unemployment, insecurity and underemployment have become extensive, inequalities between countries have increased and the gap is gradually becoming wider and wider; the living and working conditions of the majority of the poor and minorities, nations become unstable and environment is degraded and overall the climate is featured by a condition where the power and the living standards of the global elite increases towards better and that of the poor majority it is destructive.
Neoliberalism as a Public Pedagogy

Giroux (2004) states that the belief embedded in neoliberalism that the market should be the organising principle for all political, social and economic decisions, wages an incessant attack on democracy, public goods and noncommodified values. Giroux (2004) states that as markets are referred to as the driving force of everyday life, big government is critiqued as either incompetent or threatening to individual freedom, and thus the power should be embedded in markets and corporations rather than in government and citizens; where citizenship is increasingly perceived as a function of consumerism. Thus financial investments, market identities and commercial values take precedence over human needs, public responsibilities and democratic relations.

Globally, the neoliberal policies have destroyed democratic policies. Loans made to the Third world countries and semi-peripheral states of Latin America, Africa and Asia have produced severe disruptions within the social welfare programmes relating to health care, education, social security and working conditions rendering the lives of large number of people precarious. In tracking twenty-six countries that had received loans from the World Bank and International Monetary Fund (IMF), the Multinational Monitor laid down the conditions that accompanied such loans: civil service downsising, privatisation of government-owned enterprises with layoffs required in advance of privatisation; promotion of labour flexibility- regulatory changes to remove restrictions on the ability of government and private employers to fire or lay off workers; mandated wage reductions, minimum wage reductions of containment, and spreading the wage gap between government employees and managers; and pension reforms, including privatisation, that cut social security benefits for workers.

Within neoliberal doctrine, the locus of power is shifting from the public world of politics to the privatising and thus depoliticising world of economics. The neoliberal downsizing of the state, the reduction in the state budgets and state spending, the dismantling of welfare state provisions, and the transfer of state duties to the private realm of families or markets are only one form of state restructuring.

Giroux (2004: xxv) argues that it is crucial to recognise that neoliberalism has to be understood and challenged as both an economic theory and a powerful public pedagogy and cultural politics. It is because it does not merely produce economic inequalities, power relations and corrupt political system but also promotes rigid exclusions from national citizenship and civic participation. Neoliberalism cannot be abstracted from race and gender relations, or other cultural aspects of body politic. Its legitimating discourse, social relations and ideology are saturated with race, gender, with sex, with religion, with ethnicity and nationality. As Giroux argues, the neoliberal as an ideology aligns itself with religious fundamentalism and various forms neoconservative beliefs and practices and has a no tolerance policy towards ideas, ideology and people challenging it (2004).

Thus as public space becomes increasingly commodified and the state becomes more closely aligned with capital, politics is defined largely by its policing functions rather than as an agency for peace and social reform. It is important to understand the manner in which neoliberalism becomes institutionalized as public pedagogy. Giroux (2004) argues that the ideology embedded within neoliberalism is a public pedagogy that reiterates belief in a social order that is defined by removal and erosion of autonomous spheres of cultural and political production such as journalism, educational institutions, publishing, and film. Further it also through its policies encourage unemployment and sub human living, destruction of any counter thought and ideology and by the subordination of the nation-states to the real masters of the economy.

As part of the public pedagogy of neoliberalism, an important aspect is also the redrawing of relationship between the state and capital. State increasingly has become repressive, as it slowly and gradually reduces its social investments. Drawing from the works of Noam Chomsky, George Steinmetz, Pierre Bourdieu, Stanley Aronowitz and Howard Zinn, Giroux (2004:51) argues that the state is hollowed out, it increasingly takes on the functions of an enhanced police state or security state. Such a shift is perceived in the manner in which state apparatus is used to spy on citizens and the criminalisation of social policies.
Neoliberalism and Inequality Regimes

Connell (2010) argues that neoliberalism arises not only out of the earlier imperialist and colonialist domination by the capitalist powers of Europe and North America over much of the world’s population but also advances and strengthens it. Central to the project is race, gender, class, and ethnicity—the fundamental systemic inequalities created and embedded by years of imperial and colonial economic, political and social domination, which the process of neoliberalisation has strengthened it. Connell (2010) believes that rather than believing that the central dynamic of neoliberalism is the metropole, it is the relationship between the metropole and the periphery which is crucial to one’s understanding of neoliberalism. It is thus important to understand modern capitalism from the start as having grown within an imperial economy; a global regime based on nexus between military, political and business (economic) elites in the global periphery and their counterparts in the metropole. Further there is an embedded masculinity politics in the neoliberal project. The central theme within neoliberal project ‘the entrepreneur’, is culturally coded masculine. Its challenge of the welfare state policies of redistribution imposes increased levels of unpaid work on women as care givers for the young, the old and the sick, leading to a systemic policy of inequality.

Braedley and Luxton (2010) draw upon the an analysis of Fraser (1997) to argue that unlike liberalism which was based on the legal subordination of women, neoliberalism assumes and is based on the idea that individuals can be male or female (even trans), and thus celebrates the idea that men and women are income earners. What has happened is that the core of neoliberal theoretical structure is practiced within inequality regimes, such as sexual division of labour, leading to a decline of women’s position and material and social well-being globally. According to Braedley and Luxton (2010), there are three interrelated dynamics:

1. Women’s work is poorly remunerated that women are the majority of poor people in the world and the changing economic practices have steadily increased their deprived conditions. In many parts of the world women’s subsistence labour are critical for their family’s survival. Lucas (2007) argues that despite evidence that women’s labour is important for the family, the international economic policies and the national economic agreements undermines women’s efforts and therefore the survival of women’s families and communities.

2. The second dynamic, Braedley and Luxton (2010) argue refers to the fact that globally women have been responsible for most of the unpaid work of social reproduction that is performed within households. This work has no recognition within the established economic system. Reflecting these values neoliberalism assumes and reiterates that wages reflect the value of work performed (so unpaid labour done by women within households goes unrecognized) and also takes for granted the appearance of worker in the labour market everyday (not taking into consideration the demands of family responsibilities of the women).

3. Connell (2010) argues that the third issue is the interest that the elite men would have in maintaining the sex/gender division of labour that sustain their privileges and contribute to their ability to extract wealth. Connell further argues that it is important to recognize that the leading proponents of neoliberalism are men, and thus at the central of their argument if the insistence that individuals and their families are responsible for social reproduction, and their refusal to acknowledge the collective responsibility for the well-being of the population. Connell states that the more a society accepts collective responsibility for social reproduction, raising taxes to pay for education, health care, childcare, disability support, old age security and a range of other services, the less wealth is available for private ownership. So neoliberalism according to Connell (2010), allows space for women who are willing or able to live like men and compete like men, as the ideology resists any effort to reduce financial resources available to capital investment, including redistribution of work of social reproduction to the state or the employers.
As Connell (2010) states, it is important to recognize that neoliberalism has exacerbated the fundamental inequalities of class, gender, class, race and (in the context of India caste), inequalities. The core of the neoliberal policies is the commodification of all kinds of services. It is important to understand that the needs that were formerly met by the state through public agencies on the principle of citizen rights, or through personal relationships in the communities and families, are now met by the companies selling services in the market. And according to Connell (2010) the most ‘dramatic form of commodification is the privatisation of public assets and institutions’, which in turn increases the marginality and vulnerability of the most deprived citizens, belonging to marginal groups. Under the neoliberal regimes, welfare is commodified, by putting the provision of services up for tender and forcing public agencies to resort to the ‘outsourcing’, and compete with the private agencies, thereby necessitating institutional and cultural changes. Further the emphasis on labour market ‘flexibility’, produces a growing workforce of part time casual, and contact labour at the bottom of an organisation.

Conclusion:
Neoliberalism broadly refers to the agenda of economic, political and social transformation within the overarching frame of free market, and it also refers to institutional arrangements to sustain neoliberal projects within nation states. Thus, its no wonder that neoliberalism is conceptualised as a hegemonic system of enhanced exploitation of the majority. Neoliberalism rationalized the transfer of state capacity to allocate resources inter-temporally (the balance between investment and consumption) and inter-sectorally (the distribution of investment, employment and output) towards an increasingly internationally integrated (and US-led) financial sector. Thus domestically the expansion of ‘market forces and ideology’, curtails drastically rights of access to food, water, education, work, land, housing, medical care, transportation and public amenities as well as on gender relations. MacEwan (2005) argues that neoliberal policies by legitimizing the rights of global capital to seize and control the land and assets have limited democracy globally, thereby increasing instability everywhere. It is important to recognize that the neoliberal doctrine tends to shift the doctrine of the welfare developmental state that, the principle of the ‘state’ is to address the larger public good. On the other hand the neoliberal principle’s perceives welfare state as a ‘drag on the global economy that must be subordinated and minimised’. Within the neoliberal ethos of restructuring, the ‘private’ equals the private sector. Thus under neoliberalism, the private realm ‘valorised’ over the public sector generally has become highly politicised as a site of and restructuring processes. The principles have affected the distribution of social goods and have intensified social hierarchies and inequalities of gender, race, class and caste.

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