

Neoliberalism is an accumulation strategy, a specific growth model that comes complete with its extra-economic preconditions. It is a return to the liberalism of the free market that was the reigning orthodoxy until the Great Depression, when the ideas of John Maynard Keynes and the policies of the welfare state were accepted by a weakened capitalist class to save the system from its then obvious failings and self-destructive tendencies. Keynesianism, and the domestic agendas that accompanied it, were partly a reflection of the strength of the working class after the defeat of fascism. They reflected, as well, the capitalist's need for collaborative class relations in the immediate post-Second World War period, during which many of the leading capitalist states were struggling to recover from wartime devastation.

Globalization has undermined the strength of nation-based social formations, as permeable borders have been encouraged by transnational capital and international finance has set about reorganizing the world economy. Mobile capital is now able to minimize the taxes it pays everywhere, bringing on fiscal crisis for individual states. It uses its leverage to impose general austerity, cut public services to finance tax cuts to the rich, and demand privatization--which involves selling state assets to transnational capital, and contracting with for-profit companies for services once provided by the state. As a result, services are reduced, as are the wages and benefits paid to the workers involved. At the global level, debtor nations are required to repay foreign banks for loans made to local elites. Other aspects of neoliberalism include: the World Trade Organization (WTO) forcing open the markets of developing countries for transnationals while allowing the rich countries to create barriers excluding agricultural and labor-intensive manufactured goods where the poorer countries have the comparative advantage; and the International Monetary Fund's (IMF) insistence on financial liberalization which has resulted in financial crises in most countries of the third world. The demands of these global political-economic institutions are used to force the privatization of electricity, postal services, and now water. These institutions, which reflect the demands of the rich states, insist, on the grounds of supposed free-trade principles, that firms based primarily in the developed countries should retain monopolistic control of intellectual property, such as the patent protection for drugs used in basic medicine, along with other technologies which, if made more freely available, would promote the welfare of the poorest countries. This mock "laissez-faire" attitude extends to the environment and to the acceleration of global warming and other destructive policies fostered by the greed of transnational corporations.

Part of neoliberalism is the marginalizing of the democratic process. Governments can no longer choose their economic policies. The IMF and WTO force governments to follow their policies. These governments can neither properly tax transnational capital nor follow autonomous development strategies. There is also a process that we may call venue shifting in which the relatively more democratic international institutions are deprived of resources and decision-making powers in favor of those where the rich countries are decidedly more powerful. Thus there is a shift of decision-making authority away from the UN General Assembly toward the IMF, where votes are distributed according to each country's financial contribution (and where the United States is the only country with enough votes to veto a decision of the rest of the world's nations). The World Bank and WTO have likewise expanded their powers in comparison to the earlier structure of the General Agreement on Tariffs and Trade. Responsibility for education, the environment, and health care are being shifted from UNESCO and the World Health Organization (WHO) to the World Bank, which is given the economic resources denied to the United Nations. The bank increases its spending on health care without asking questions about tobacco or making demands on the pharmaceutical companies--questions once raised by the WHO, which led the United States to withdraw its funding.