

INTRODUCTION BY ROBERT W. McCHESNEY

NOAM

CHOMSKY



PROFIT OVER PEOPLE

NEOLIBERALISM AND GLOBAL ORDER

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Introduction by Robert W. McChesney



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Introduction

by Robert W. McChesney

Neoliberalism is the defining political economic paradigm of our time—it refers to the policies and processes whereby a relative handful of private interests are permitted to control as much as possible of social life in order to maximize their personal profit. Associated initially with Reagan and Thatcher, for the past two decades neoliberalism has been the dominant global political economic trend adopted by political parties of the center and much of the traditional left as well as the right. These parties and the policies they enact represent the immediate interests of extremely wealthy investors and less than one thousand large corporations.

Aside from some academics and members of the business community, the term neoliberalism is largely unknown and unused by the public-at-large, especially in the United States. There, to the contrary, neoliberal initiatives are characterized as free market policies that encourage private enterprise and consumer choice, reward personal responsibility and entrepreneurial initiative, and undermine the dead hand of the incompetent, bureaucratic and parasitic government, that can never do good even if well intended, which it rarely is. A generation of corporate-financed public relations efforts has given these terms and ideas a near sacred aura. As a result, the claims they make rarely require defense, and are invoked to rationalize anything from lowering taxes on the wealthy and scrapping environmental regulations to dismantling public education and social welfare programs. Indeed, any activity that might interfere with corporate domination of society is automatically suspect because it would interfere with the workings of the free market, which is advanced as the only rational, fair, and democratic allocator of goods and services. At their most eloquent, proponents of neoliberalism

sound as if they are doing poor people, the environment, and everybody else a tremendous service as they enact policies on behalf of the wealthy few.

The economic consequences of these policies have been the same just about everywhere, and exactly what one would expect: a massive increase in social and economic inequality, a marked increase in severe deprivation for the poorest nations and peoples of the world, a disastrous global environment, an unstable global economy and an unprecedented bonanza for the wealthy. Confronted with these facts, defenders of the neoliberal order claim that the spoils of the good life will invariably spread to the broad mass of the population—as long as the neoliberal policies that exacerbated these problems are not interfered with!

In the end, neoliberals cannot and do not offer an empirical defense for the world they are making. To the contrary, they offer—no, demand—a religious faith in the infallibility of the unregulated market, that draws upon nineteenth century theories that have little connection to the actual world. The ultimate trump card for the defenders of neoliberalism, however, is that there is no alternative. Communist societies, social democracies, and even modest social welfare states like the United States have all failed, the neoliberals proclaim, and their citizens have accepted neoliberalism as the only feasible course. It may well be imperfect, but it is the only economic system possible.

Earlier in the twentieth century some critics called fascism “capitalism with the gloves off,” meaning that fascism was pure capitalism without democratic rights and organizations. In fact, we know that fascism is vastly more complex than that. Neoliberalism, on the other hand, is indeed “capitalism with the gloves off.” It represents an era in which business forces are stronger and more aggressive, and face less organized opposition than ever before. In this political climate they attempt to codify their political power on every possible front, and as a result, make it increasingly difficult to challenge businesses—and next to impossible—for nonmarket, noncommercial, and democratic forces to exist at all.

It is precisely in its oppression of nonmarket forces that we see how neoliberalism operates not only as an economic system, but as a political and cultural system as well. Here the differences with fascism, with its contempt for formal democracy and highly mobilized social movements based upon racism and nationalism, are striking. Neoliberalism works best when there is formal electoral democracy, but when the population is diverted from the information, access, and public forums necessary for meaningful participation in decision making. As neoliberal guru Milton Friedman put it in his *Capitalism and Freedom*, because profit-making is the essence of democracy, any government that pursues antimarket policies is being antidemocratic, no matter how much informed popular support they might enjoy. Therefore it is best to restrict governments to the job of protecting private property and enforcing contracts, and to limit political debate to minor issues. (The real matters of resource production and distribution and social organization should be determined by market forces.)

Equipped with this perverse understanding of democracy, neoliberals like Friedman had no qualms over the military overthrow of Chile's democratically elected Allende government in 1973, because Allende was interfering with business control of Chilean society. After fifteen years of often brutal and savage dictatorship—all in the name of the democratic free market—formal democracy was restored in 1989 with a constitution that made it vastly more difficult, if not impossible, for the citizenry to challenge the business-military domination of Chilean society. That is neoliberal democracy in a nutshell: trivial debate over minor issues by parties that basically pursue the same pro-business policies regardless of formal differences and campaign debate. Democracy is permissible as long as the control of business is off-limits to popular deliberation or change; i.e. so long as it isn't democracy.

The neoliberal system therefore has an important and necessary byproduct—a depoliticized citizenry marked by apathy and cynicism. If electoral democracy affects little of social life, it is irrational to devote much attention to it; in the United States, the spawning

ground of neoliberal democracy, voter turnout in the 1998 congressional elections arguably was a record low, with just over one-third of eligible voters going to the polls. Although occasionally generating concern from those established parties like the US Democratic Party that tend to attract the votes of the dispossessed, low voter turnout tends to be accepted and encouraged by the powers-that-be as a very good thing since nonvoters are, not surprisingly, disproportionately found among the poor and working class. Policies that could quickly increase voter interest and participation rates are stymied before ever getting into the public arena. In the United States, for example, the two main business-dominated parties, with the support of the corporate community, have refused to reform laws that make it virtually impossible to create new political parties (that might appeal to non-business interests) and let them be effective. Although there is marked and frequently observed dissatisfaction with the Republicans and Democrats, electoral politics is one area where notions of competition and free choice have little meaning. In some respects the caliber of debate and choice in neoliberal elections tends to be closer to that of the one-party communist state than that of a genuine democracy.

But this barely indicates neoliberalism's pernicious implications for a civic-centered political culture. On the one hand, the social inequality generated by neoliberal policies undermines any effort to realize the legal equality necessary to make democracy credible. Large corporations have resources to influence media and overwhelm the political process, and do so accordingly. In US electoral politics, for just one example, the richest one-quarter of one percent of Americans make 80 percent of all individual political contributions and corporations outspend labor by a margin of 10-1. Under neoliberalism this all makes sense, as elections then reflect market principles, with contributions being equated with investments. As a result, it reinforces of the irrelevance of electoral politics to most people and assures the maintenance of unquestioned corporate rule.

On the other hand, to be effective, democracy requires that people feel a connection to their fellow citizens, and that this connection

manifests itself through a variety of nonmarket organizations and institutions. A vibrant political culture needs community groups, libraries, public schools, neighborhood organizations, cooperatives, public meeting places, voluntary associations, and trade unions to provide ways for citizens to meet, communicate, and interact with their fellow citizens. Neoliberal democracy, with its notion of the market *über alles*, takes dead aim at this sector. Instead of citizens, it produces consumers. Instead of communities, it produces shopping malls. The net result is an atomized society of disengaged individuals who feel demoralized and socially powerless.

In sum, neoliberalism is the immediate and foremost enemy of genuine participatory democracy, not just in the United States but across the planet, and will be for the foreseeable future.

It is fitting that Noam Chomsky is the leading intellectual figure in the world today in the battle for democracy and against neoliberalism. In the 1960s, Chomsky was a prominent US critic of the Vietnam War, and, more broadly, he became perhaps the most trenchant analyst of the ways US foreign policy undermines democracy, quashes human rights, and promotes the interest of the wealthy few. In the 1970s, Chomsky, along with his co-author Edward S. Herman, began their research on how the US news media serve elite interests and undermine the capacity of the citizenry to actually rule their lives in a democratic fashion. Their 1988 book, *Manufacturing Consent*, remains the starting point for any serious inquiry into news media performance.

Throughout these years Chomsky, who could be characterized as an anarchist or, perhaps more accurately, a libertarian socialist, was a vocal, principled, and consistent democratic opponent and critic of Communist and Leninist political states and parties. He educated countless people, including myself, that democracy is a non-negotiable cornerstone of any post-capitalist society worth living in or fighting for. At the same time, he has demonstrated the absurdity of equating capitalism with democracy, or of thinking that capitalist societies, even under the best of circumstances, will ever open access to information or decision making beyond the most narrow and

controlled possibilities. I doubt any author, aside from perhaps George Orwell, has approached Chomsky in systematically skewering the hypocrisy of rulers and ideologues in both Communist and capitalist societies as they claim that theirs is the only form of true democracy available to humanity.

In the 1990s, all of these strands of Chomsky's political work—from anti-imperialism and critical media analysis to writings on democracy and the labor movement—have come together, culminating in work like this book on democracy and the neoliberal threat. Chomsky has done much to reinvigorate an understanding of the social requirements for democracy, drawing upon the ancient Greeks as well as the leading thinkers of democratic revolutions in the seventeenth and eighteenth centuries. As he makes clear, it is impossible to be a proponent for participatory democracy and at the same time champion capitalism, or any other class-divided society. In assessing the real historical struggles for democracy, Chomsky also reveals how neoliberalism is hardly a new thing, but merely the current version of the battle for the wealthy few to circumscribe the political rights and civic powers of the many.

Chomsky may also be the leading critic of the mythology of the natural “free” market, that cheery hymn that is pounded into our heads about how the economy is competitive, rational, efficient, and fair. As Chomsky points out, markets are almost never competitive. Most of the economy is dominated by massive corporations with tremendous control over their markets and that therefore face precious little competition of the sort described in economic textbooks and politicians' speeches. Moreover, corporations themselves are effectively totalitarian organizations, operating along nondemocratic lines. That our economy is centered around such institutions severely compromises our ability to have a democratic society.

The mythology of the free markets also submits that governments are inefficient institutions that should be limited so as not to hurt the magic of the natural “laissez-faire” market. In fact, as Chomsky emphasizes, governments are central to the modern capitalist system.