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Socialism for the Rich, Redux

Kevin Carson

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At Porcupine Blog, Larry Gambone describes another example—in this case, the choice of a light rail system linking Vancouver to nearby towns—of how deep government’s pockets can be under the rule of “frugal” neoliberal politicians, when the loot’s intended for politically connected plutes.

Even back in the ‘70s, when the neoliberals were so exercised over fiscal and accumulation crises, they were quite up-front about the fact that fiscal austerity applied only to the consumption needs of ordinary people. Their agenda called for even *more* state spending when it came to subsidizing accumulation.

What they really care about is not so much shifting resources away from the state, as shifting them from consumption to accumulation. And even when they claim to seek a shift from nominally “public” to nominally “private” spending, all they really mean is shifting some spending from the state budget as such to the quasi-private corporations that interlock with the state and control it.

The conventional wisdom, which he shares, was stated quite succinctly by John Ralston Saul in a recent *Mother Jones* interview:

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The current wave of globalization has its origins in the economic crises of 1970s, when the industrialized economies, after three decades of steady growth, began to flounder, beset by persistently high unemployment and inflation, and governments began casting around for an alternative to the Keynesian orthodoxy that had dominated economic thinking since the end of the Second World War. They found that alternative in a (hitherto fringe) school of thought associated with Friedrich von Hayek and, later, Milton Friedman, one premised on the notion that in matters of economic management government was the problem, not part of the solution, as Keynesianism had it.

Central to the new thinking—taken up famously and with particular fervor in the 1980s by Margaret Thatcher and Ronald Reagan—was the the idea that market forces work best and to everyone’s benefit when government stands aside.

In fact, as Nicholas Hildyard argued in “The Myth of the Minimalist State,” (and as I argued in “The Neoliberal Myth of Small Government”), the neoliberal revolution resulted in little if any overall reduction in the size of government. Neoliberalism is just another form of state capitalist intervention, with accumulation of “private” capital at taxpayer expense. For the elites who carried out the neoliberal revolution, Ron and Maggie were just useful idiots, a way of packaging their statist agenda in the wholesome imagery of nineteenth century liberalism. Just how small is neoliberal government, in practice? As I wrote in “The Neoliberal Myth of Small Government,”

“Deregulation” can more accurately be called “reregulation”: a shift of the regulatory state’s activities in a more corporate-friendly direction. “Privatization”

of government activity... leaves a larger share of functions under nominally private direction, but operating within a web of protections, advantages and subsidies largely defined by the state. Spending cuts on social services have been more than offset by other forms of spending that subsidize the operating costs of corporate enterprise. Subsidies from multilateral development banks, especially, which are necessary to render much overseas capital investment profitable, are on the rise. Neoliberal trade agreements include a legal framework (e.g., so-called “intellectual property” [sic] rights) designed mainly to protect big business against the market. Many such agreements require the creation of international bodies, de facto supra-national governments, to overrule the policies of signatory states.