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Beyond the Global Financial Crisis: Challenging the New Right Agenda

ELIZABETH EDDY

The May 2009-10 budget handed down by the Australian Federal Government aimed to manage ‘the worst global recession since the Great Depression’ (Taylor 2009). The budget reinforced the strategy that the relatively new Labor Government had begun the previous year to stimulate the economy and address the global financial crisis which has bitten deeply into the Australia economy and economies around the world. Similarly, other national governments have been struggling to manage their national economic destiny in the grip of the crisis. This state of affairs has catalysed reflection from left and right about the neoliberal approach to economic management and the appropriate role of markets.

The Great Depression has been an important reference point for discussion about the current global financial crisis in two main respects. Firstly, the extent and breadth of the current crisis and how it might proceed has been compared to the Great Depression. While there have been other serious recessions, according to the International Monetary Fund, the world economy will suffer its worst year since the Great Depression (Wrought 2009). Projected increases in unemployment and reduced spending continue to erode business and consumer confidence and both employers and employees are at risk. However, the current crisis has been global in a stronger sense than the 1930s as it also involves emerging economies that have been incorporated into the global capitalist market. Secondly, like the Great Depression, there is a virtual policy vacuum within the canons of economic liberalism about how to respond. The Great Depression has shown that economies cannot count on the market to naturally rebound and post World War II anti-recessionary policy has already been found to be flawed. In any case, a return to stronger market intervention which underpinned the Keynesian recessionary policies would have been antithetical to the prevailing direction of neoliberal economic reform prior to this recent and potentially devastating global recession (Pierson 1991, 141-165, Mishra 1990, 1-8).

Neoliberal approaches to economic management began to dominate government agendas from the late 1970s onwards (Marginson 1997, 73-81). In the early 1970s, post-war enthusiasm for Keynesian macro-economic management had begun to wane. It had not delivered guaranteed economic growth despite all its early promise, and had delivered both stagflation (simultaneous inflation and high unemployment) and social dissent over unanticipated post-material externalities. As the reinvigorated right gained political ascendancy, the belief in the efficacy of markets was strengthened although naïve notions of markets as reified natural mechanisms, had been largely replaced by the recognition that market conditions had to be constructed (Harvey 2005, 1-5, 64-70). Governments of western nations embarked on microeconomic reform and at times radical policies to ensure that policy and civil society obstacles to a more marketised economy were overcome. Generally more so this occurred in English speaking countries than in Europe. At an international level, trade liberalisation strategies pursued by global financial institutions such as the World Trade Organisation, World Bank, and the Organisation for Economic Cooperation and Development, as well as numerous regional trade treaties, disciplined domestic economies towards participation in a global market comprising the relatively free flow of capital, goods and services (Mishra 1999, 5-12). For developing nations, economic aid was linked to compliance with the neoliberal economic agenda. Significantly, neoliberal economic strategy sought to place more prerogative into the hands of managers, investors and lenders, with the view that rational self-interest should be allowed to prevail to achieve better economic decisions and outcomes for society (Harvey 2005, 64-70).

The 1930s Great Depression had caught unprepared those governments adhering to classic economic liberalism, leaving political space for a new strategy that eventually emerged as Keynesianism. The 1970s global downturn caught unprepared reforming liberal/social democratic governments, leaving political space for the new right to assert a revised classic liberal agenda involving stronger reliance on markets.
Likewise, the new economic crisis caught unprepared both left and right. As the mortgage crisis which precipitated the global crisis deepened, there emerged increasingly cap-in-hand requests from corporations for government bail-outs. Embarrassing revelations were aired about the salaries and bonuses being paid to many executives including those employed by companies being bailed out to the tune of millions or billions of dollars with tax-payers money. Recognition that speculative economic activity and minimally regulated lending amongst other factors played a large role in destabilising capitalist economies has confronted neoliberal orthodoxies. National leaders started making public statements about greed and its role in creating the global financial crisis. The newly elected United States President Barak Obama was highly critical of ‘corporate greed’, citing as ‘shameful’ the massive bonuses being received by Wall Street Bankers (Stolberg and Labaton 2009). In Australia, the Prime Minister Kevin Rudd made similar statements, claiming that ‘corporate greed’ needed to be reined in (Yaxley 2009).

As in many other nations, the Australian Federal Government and state governments have resorted to past ‘pump-priming’ strategies characteristic of Keynesianism, including encouraging spending and thus business confidence and employment through reduction in interest rates, direct cash transfers and increased income support, as well as employment created through commissioning public works. This is funded through government borrowing which means going into a deficit budget. Debate in Australia has focused little on whether or not this is an appropriate strategy, but rather on the details: the projected efficacy of specific policy pump-priming measures; the level of borrowing that is acceptable, and how and if it should or could be paid back; the fairness or otherwise of leaving the next generation with the debt to pay off (see for instance O’Malley, 2009 and Franklin and Karvelas, 2009).

The following range of diverse articles in this issue suggest that the political bickering about the technicalities of pump-priming policy is simply a diversion from the real causes of the global financial crisis, of which the current crisis is only a symptom – albeit a potentially fatal symptom on a global scale if not managed well. That is, to the extent that Keynesian pump-priming can be successful, it would only result in the reinstatement of a status quo that is already problematic. What unites the articles in this issue the view that solutions need to be sought beyond Keynesianism, from a deeper understanding of the nature of the problem of which the global financial crisis is only a part.

Behind the Global Financial Crisis: The Failures of Neoliberalism

In ‘The New Right were Wrong’, Stilwell argues that the current global financial crisis is not an aberration but rather evidence of underlying problems with the New Right’s ‘extreme capitalism’. He argues that the New Right claimed their economic agenda of extreme capitalism would benefit all of society but actually, … it was fundamentally a class agenda, intended to restructure the economy to support the interests of financial institutions and those with most to gain from capital accumulation. In that narrow sense it has delivered much for its supporters. However, the broader social fall-out has been deeply damaging (Stilwell 2009, 11).

The broader social fall-out refers to the increase of speculation at the expense of productive economic activity. This has allowed concentration of both wealth and debt where a handful of people benefit at the expense of the many. Patterns of investment have exacerbated broader patterns of inequality, through for instance, over-reliance on the mining sector. In addition, public goods provision has been undermined, workplace stress increased, the environment ravaged, and a conflictual posture adopted towards unions. He argues that merely managing this immediate financial crisis will not address these underlying problems, and that an economic strategy for the future must challenge the neoliberal assumptions underpinning extreme capitalism.

Cahill presents a similar argument in ‘Is Neoliberalism History?’ through a focus on the role of the neoliberal state. He argues that the neoliberal state is necessarily a strong one, despite neoliberal rhetoric to the contrary, to enforce and maintain what Stilwell refers to as ‘extreme capitalism’. That is, the neoliberal project to strengthen market forces in increasingly more areas of social and economic life has been achieved largely through the implementation of appropriate regulatory frameworks rather than a reduction in regulation, and in this the state is pivotal. Furthermore, these developments have seen a shift in power towards capital in what is actually a highly regulated policy regime. Accordingly, he argues that the piecemeal implementation of Keynesian pump-priming in itself is not a challenge to the encroaching power of capital: [a] real repudiation of neoliberalism would require a subordination of corporate interests to collective priorities and a shielding of workers from the fluctuations of markets in areas such as work, superannuation, health care, child care and housing. So far there is little evidence to suggest that such programs are on the political agenda (Cahill 1990, 15).
He suggests that to assess the agenda of neoliberalism and the state’s role, questions to consider include, ‘Who benefits from this involvement? Whose interests are prioritized? Who carries the burden? and Who bears the risk?’ (Cahill 1990, 15). These questions will remain relevant when and if the current global financial crisis is resolved.

The central concern raised by Beder in ‘Neoliberalism and the Global Financial Crisis’ is the erosion of state sovereignty brought by neoliberal economic regimes. She refers to the retreat from ‘planning and democratic social goals’ through increased accountability to international financial markets, where self-interest is seen as a socially-useful motivator. She argues that a deregulated market allows less social responsibility and more individual affluence, and this has contributed to speculation for private profit based on self-interest which fails to consider questions of productivity:

financial deregulation exposes the economy to the vortex of speculative capital movements, that is, to the flows of short-term finance in search of quick profits … [T]he rapid inflow and outflow of speculative finance can cause crises in national economies (Beder 2009, 19).

She points out the adverse implications for developing nations who have been dragged into complicity with global financial systems dominated by capitalism and who now are suffering acutely from a crisis precipitated in the developed world. She also suggests that piecemeal application of Keynesian market stimulation will not address these deeper problems.

Hanson examines yet another dimension of neoliberalism, this time taking us to consider the alienation or loss of meaning associated with it. In ‘Occupational Health’ he points to the estrangement often experienced in the modern world, where there is little sense of any intrinsic meaning or purpose. Referring to several major incidents in recent years, he states,

[although the divorce of meaning I experienced back then still holds, Zizek’s ‘desert of the real’ is also the real desert wasteland made of Iraq and Kosovo, plus the leveled, no-longer uncanny towers at ground zero. Alienation may be ‘real’, but so are the bloodier realities the alienated Western self finds it simultaneously easy and impossible to connect with. The numbers may be ‘unreal’, but the people and families currently dropping off the edge of the world into blackness because of their shapes are lividly real (Hanson 2009, 26).

He suggests that workers in the modern workplace are also alienated from economic activity and work processes that don’t seem to produce anything, and involve processes and transfers outside the control and comprehension of people. He proposes places of meaningful work, and meaningful economic transactions and activity.

Another critic of the Keynesian strategies for addressing the global financial crisis is Battin. In ‘Is the Left Ready to Displace the Right?’ he challenges the conservative pump-priming approach. However he suggests that the radical impetus of Keynesianism has been forgotten by many on the left, and advocates that attention should be directed towards strategies for the socialisation of investment. This development would be crucial for both successful economic planning and returning the locus of control of economic affairs back to citizens. Accordingly, he shares with other authors a concern that neoliberalism has disempowered and alienated citizens from economic affairs:

… imagine a fundamentally different situation: one in which politics is conceived as prior to economic activity. In other words, citizens are to deliberate on which priorities they see as higher order, lower order … In this conceptualisation, economics informs political decision-making of more (and less) desirable methods of achieving what the citizenry has set as a goal, but it does not determine the goals (Battin 2009, 33-34).

He suggests that problems inherent in neoliberalism will continue beyond the current crisis unless the left takes up the challenge to see past simplistic Keynesian policies addressing immediate concerns and seizes the opportunity to place a more radical vision on the political agenda.

Similarly to Battin, Guille is also concerned about the narrowness of vision of those best placed to challenge the neoliberal agenda. In ‘Unions have no Future if they do not become Truly Global Institutions’ he examines the role of the global union movement in relation to the current economic financial crisis. Like the previous authors, he sees this crisis as evidence of long-standing problems with neoliberal approaches to the economy. He also suggests that the global union movement has allowed its vision to be largely limited to liberal-democratic approaches to workers’ rights. This approach has marginalised millions of people around the world, particularly those in developing countries, and also not been a very successful strategy in general for decommodifying labour. He suggests that the current crisis offers opportunity for progressive change, and advocates a more radical and inclusive approach towards common international labour protections, albeit with this warning:
... since crises are the chance to get rid of superfluous assets and ideas there is little wonder that some voices at World Economic Forum (WEF) in early 2009 welcomed the opportunity to create a ‘better globalisation’ (WEF 2009). My concern is whether reformed global capitalism will be more gentle towards labour and my overall question is what labour organisations should be trying to do about globalisation (Guille 2009, 37).

Martin brings focus to some of the legitimising principles of capitalism salient to understanding the problems of extreme capitalism. Like the other authors, his critique in ‘Nonviolent Strategy Against Capitalism’ reminds us that the global financial crisis is the tip of the iceberg of a myriad of other problems, such as inequality, environmental devastation, and alienation. He suggests that radical impetus for change is strengthened through seeing beyond the seeming naturalness and familiarity of capitalism, by critical reflection on our own participation in it and creating alternatives in our own lives and at the local level. The cultural challenge is central, and Martin suggests the social movements are best placed to advance this. Like Battin and Guille, he is also concerned about narrowness of vision that might inhibit social alternatives. He states, 

[the labour, environmental and feminist movements have the capacity to undermine certain beliefs about capitalism, but they may also reinforce ideas underlying capitalism. This is especially true when movements seek reform. When the labour movement seeks higher pay and better conditions, when environmentalists seek cleaner technologies and restrictions on industry and when feminists seek equal opportunity for women to be corporate managers, core beliefs in private property and the market are not challenged. Therefore, a nonviolent challenge to capitalism may need to include some campaigns that confront or undermine these core beliefs (Martin 2009, 45).

Where To Now?
All these authors in different ways propose that the current global economic crisis is symptomatic of deeper issues that will continue even if Keynesian pump-priming resolves the immediate recession. They have all proposed that a more radical economic agenda is needed, beyond neoliberal conceptions of the economic. They all propose that this radical agenda will necessarily come from the grassroots – not the political parties or governments, but from social movements mobilising around social justice, the environment, and labour market protection.

References

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Elizabeth Eddy is a lecturer in Faculty of Arts and Social Sciences at the University of the Sunshine Coast.
In 1982, this journal published an article called ‘The New Right Are Wrong’ (Stilwell, 1982). Twenty seven years later, it is pertinent to revisit the experience of the ‘new right’ and the neoliberal policies its supporters have promoted. It is particularly pertinent to do so at a time of global financial crisis. The causes of the crisis are complex but have been widely interpreted as a product of over-reliance on unregulated markets. So, has neoliberalism failed? Were the ‘new right’ wrong?

The term ‘new right’ warrants clarification. It came to be widely used in the 1970s and 1980s as the critics of Keynesian economic policies and the welfare state mobilised for a counter attack. Intellectuals of libertarian, free-market orientation joined forces with corporate business interests, forming an array of influential ‘think tanks’ and influencing politicians such as Margaret Thatcher in the UK and Ronald Reagan in the USA. In Australia the influence was a little more muted but came to be expressed in the embrace of ‘economic rationalism’ by all the major political parties and the economic policy bureaucracies (Stilwell, 1989).

According to the dominant rhetoric, ‘small government’ was the goal and more free rein had to be given to market forces. Hence privatisation, deregulation, trade liberalisation and closer integration into global capitalism. This is the neoliberal policy thrust that Kevin Rudd has recently described as leading to ‘extreme capitalism’.

One may readily concede the significant economic successes in the last quarter century, although the causal connections with neoliberal policies continue to be contested. After ‘the recession we had to have’ ended in 1992, a long boom lasted for sixteen years in Australia, as in many other capitalist nations. Volumes and values of goods produced and consumed rose relentlessly. Newspaper articles heralding ‘the triumph of capitalism’ regularly appeared, particularly following the demise of the former USSR.

The aggregate economic statistics for economic growth certainly looked impressive. However, what had developed was, and is, a distinctly consumerist capitalism, with a strong emphasis on the acquisition of economic assets and the transient pleasures of ‘retail therapy’. It has not produced a more contented society. A growing volume of evidence, some of which was surveyed in an earlier article in this journal, shows that there is no positive correlation between rising incomes and happiness (Hamilton and Denniss, 2005; Stilwell and Jordan, 2007b; Oliver 2008).

Moreover, underpinning the impressive economic aggregates has been an array of growing structural problems.

It is pertinent to review these structural problems that have led us to the current impasse. A political economic perspective indicates some significant links between them and the neoliberal policy agenda pursued by successive governments. Important differences have existed between Labor and Liberal-National Coalition governments, of course, but there have been significant areas of commonality. The scorecard is deeply problematic – on at least eight counts, as follows.

**Speculation**

Economic activities have been partially reoriented from production to speculation. Productive economic activity...
generates wealth through work, the development of industry and advances in technology. It takes effort, whether viewed from the perspectives of the workforce or their employers. Speculative activities, by contrast, redistribute wealth. For any one individual, capital gains may arise whenever the speculative activity is successful, but no new assets and wealth are created for the society as a whole.

Buying land in property markets in Australian cities during the last quarter century has been a particular focal point. So too has the ownership of shares in a rising (‘bull’) market. The proliferation of futures and other derivatives has meant an enormous increase in the opportunities for financial gain without the production of wealth. Profit without production requires much less effort than working for a living.

The problem with the growth of speculation is that it has created an unstable economy. With falling property values and falling share prices (in a ‘bear’ market), many people are understandably wanting to liquidate those assets. However, if lots of asset holders do that, the downturn is accentuated. Thus herd behaviour drives instability in financial markets.

It was the deregulation of financial institutions by politicians whose economic understandings were shaped by the ‘new right’ that facilitated the proliferation of speculation. More generally, the permissive attitude towards the expansion of speculative markets has been one of the hallmarks of neoliberal public policy, not just in Australia but throughout the global economy, in the last quarter century. Now the chickens are coming home to roost.

Debt
In deregulated financial institutions, there is no limit to the issue of debt other than that set by the prudential requirements of the institutions themselves. Many of them have evidently been comfortable about rapidly increasing their ratio of loans to deposits. And in a consumerist society, where low-to-middle income people have been willing to take on more debt, this has led to a growth in the overall ratio of debt to income.

Political economist Steve Keen (2009) has documented the prodigious rise in this ratio of debt to income by the time the current economic crisis began. Other post-Keynesian political economists, such as Hyman Minsky (1986), had previously warned that the build-up of debt could produce an unstable ‘house of cards’ in the capitalist economy, such that the collapse of any one market - or even one major institution - could have calamitous consequences. We are now experiencing that very outcome. A debt-driven consumerism has proved to be hazardous as well as unfulfilling.

The Public Sphere
The focus on the acquisition and accumulation of private wealth has also been at the expense of the public sector. This should come as little surprise, given that ‘slimming the state’ has been one of the avowed aims of the ‘new right’ and neoliberalism. Although not consistently achieved in practice, the aim is reflected nevertheless in political priorities.

One of the accusations commonly levelled against the former Howard Government is that it squandered the opportunity provided by the long economic boom conditions to improve the quality of our infrastructure – schools, universities, hospitals and public transport for example. Personal consumption was prioritised over public goods. The neoliberal mindset of the ‘new right’ has led to the latter concerns getting only secondary attention.

American political economist J.K. Galbraith famously predicted a growing gulf between private affluence and public squalor in his book The Affluent Society (Galbraith, 1958). The dualism has not always been sharp in practice, particularly in an era where public goods are sometimes provided by private businesses. Indeed, the proliferation of public-private partnerships for that purpose has been one of the hallmarks of neoliberalism. What has been lost is a clear commitment to the quality of infrastructure and services in the public sphere as the principal responsibility of government.

Economic Imbalance
Meanwhile, in the private sector of the economy, a different sort of imbalance has persisted. This is the sectoral imbalance between primary industries, manufacturing and services. Australia has long been a nation economically dependant on primary production. We no longer ‘ride on the sheep’s back’, as was the historical experience. However, over the last quarter century and more the nation’s dependence on mineral exports has imparted a similar bias to the economy.

We are lucky to be so rich in mineral resources, of course, but good fortune like that has its distinctive downside. Some talk of the ‘resources curse’ (Goodman & Worth, 2008). The ‘dig it up, ship it out, flog it off’ approach is an easy way of generating income. However, it creates dependence and vulnerability. Now that the international prices of primary products have suddenly plunged, the bonanza is evidently over.

In a broader social sense, the economic imbalance arising from dependence on extractive industries also has costs. The range of employment opportunities is more limited than would be the case if we had a more...
diversified array of manufacturing activities. Of course, the services sector, which employs over two-thirds of the workforce, does provide many varied employment opportunities, but the effects of casualisation also need to be taken into account there. Part-time jobs in the hospitality sector, although numerous, do not provide the sort of employment opportunities that match the skill potentials of an increasingly educated workforce.

A book with the title Quarry Australia was published in the same year in which this journal published my critique of the ascendant ‘new right’, drawing attention to the economic, social and environmental problems of structural imbalance, dependency and lack of diversified employment opportunities (Birrell, Hill & Stanley, 1982). The ‘new right’ policy agenda has done nothing to transform that legacy during the years since then. Indeed, the aversion to systematic national development planning has accentuated the long-run problem. Ironically, a new publication called Quarry Australia is now in the bookstores (Pearse, 2009): plus ça change, plus c’est la meme chose.

Environmental Problems
Reliance on the mining industry also generates obvious environmental stresses. These are evident in regions such as the Hunter Valley in NSW, where the further expansion of coal mines sits at odds with the federal government’s stated commitment to creating a more sustainable economy. We are all more aware now of the problem of climate change and the need for policies that will promote change to more sustainable economic arrangements. However, the ‘new right’ drive that has prioritised business interests over such environmental concerns has difficulty in adjusting to these ecological realities.

The Rudd government has declared its intention to act on climate change soon. One may see in this a clear rejection of the ‘new rights’ prioritising of economic over environmental concerns. However, the embrace of the proposed carbon pollution reduction scheme (CPRS) by the government has the hallmarks of a market-based approach. Emissions trading extends the principles of the market to mitigation of environmental stress. Indeed, it is symptomatic of the pervasive and continuing influence of the ‘new right’ ideas that this policy that has prioritised, rather than one emphasising direct regulation, phasing out of unsustainable economic activities and providing strong support for investment in new technologies.

A more full-frontal attack on environmental problems would require emphasis on the creation of green industries, including alternative energy generation systems. It is to the credit of the Australian Council of Trade Unions and Australian Conservation Foundation that they have recently joined forces to initiate a campaign focusing on the ‘green jobs’ that could be thereby created. Their joint report identifies potentially half a million jobs that could be created by 2030 in industry sectors which have sustainable characteristics (ACTU/ACF, 2008).

The challenge now is to provide the political backing to drive the change. That in turn requires the rejection of market-oriented neoliberalism in favour of a ‘nation-building’ approach to public investment in creating sustainable industries and employment.

Inequality
Growing economic inequalities have also been characteristic of the era when ‘new right’ ideas and policies have been dominant. As Kirrily Jordan and I documented in a book we wrote on this theme (Stilwell and Jordan, 2007a), there has been a substantial shift of income from labour to capital over the last quarter century. There has also been a notorious escalation in the salaries of chief executive officers in major corporations. Despite the wider spread of share ownership, partly as the result of the growth in superannuation coverage of the workforce, these distributional shifts have predictably led to widening economic disparities in Australian society.

‘New right’ proponents have accepted, even welcomed, inequality because of the incentives it allegedly creates for wealth creation. However, many adverse consequences follow from the greater disparities in income and wealth. Social well-being is impaired to the extent that people judge their material position relative to others. Indeed, the growth of economic inequality is a plausible explanation for the poor correlation between economic growth and happiness to which reference was made earlier in this article (Stilwell and Jordan, 2007b).

The economic inequalities have also fed in to the proliferation of debt. Those with low incomes, seeking to emulate those with higher incomes, have commonly had recourse to debt as a means of financing higher consumption. Meanwhile, those with already accumulated wealth have often sought to supplement it, in order to buy land, property and other assets to achieve greater capital gains.

Workplace Relations
A productive economy requires cooperative industrial relations. Of course, there are always elements of conflict, given the nature of capitalism as a system in which capital and labour bargain over employment conditions and compete for income shares. However, with increased material well-being, one might have expected the development of more harmonious
industrial relations, since there is more wealth to share and a more obvious basis for cooperation. Paradoxically though, there has been no evident commitment to that sort of partnership approached and certainly no increase in industrial democracy.

Instead, the ‘new right’ agenda has driven a more conflictual approach to the workplace. The policies advocated from the 1980s onwards by the H. R. Nicholls Society and the Business Council of Australia are the antithesis of cooperative industrial relations. That conflictual approach, together with the push for more ‘labour market flexibility’, were the hallmarks of the WorkChoices agenda. Once the Coalition government led by John Howard gained control of the Senate in 2005, his true ‘new right’ colours were clearly on display.

Some see the WorkChoices legislation as symptomatic of the over-confidence of the Howard Government in pursuing that neoliberal agenda. It overreached itself and was rejected in the 2007 general election. But even this clear rejection by the electorate has not led to a complete break with the influence of ‘new right’ concerns in industrial relations policies. Creating more ‘labour market flexibility’ (usually on employers’ terms) is a theme indicating a significant element of continuity.

**Economic Crisis**

The incoming federal ALP Government inherited the legacy of the economic problems and policies described above at a time when the global economy was about to nosedive. Indeed, 2008 was one of the worst years in economic history. It is not unreasonable to draw parallels with 1929, the year in which the Great Depression emerged. All the signs of a deepening recession turning into a depression are clearly evident.

The economic crisis originated in the financial institutions of the United States and quickly spread world-wide, adversely affecting the productive sector of the economy with business closures and rising unemployment. The prospects for 2009 are looking bleak. The deregulated economic environment and the liberalised trade regime created by previous ‘new right’ policies have left with few shock absorbers.

To its credit, the Rudd Government has acted quickly in introducing economic stimulus packages. This has required a rejection of the neoliberal economic commitment to running budget surpluses and to an embrace of Keynesian economics. So the Keynesian ideas that were developed in the context of the Great Depression – and rejected by the ‘new right’ from the 1970s onwards – are clearly now back in fashion again. The dramatically changed economic circumstances dictate this necessary reaction against the ‘new right’ legacy.

However, a resurgence of Keynesianism, though necessary, is not enough. We have to address the global economic crisis in conjunction with the array of other political economic problems. We need to make sure that job creation emphasises sustainability and environmental criteria too. We also need to simultaneously readdress the regressive distribution of income and build up the public sphere of the economy in order to overcome the social imbalance of which Galbraith warned.

While we’re at it, looking again at Galbraith’s analysis of the Great Depression in his book *The Great Crash, 1929* is also a fruitful undertaking at this time (Galbraith, 1955). We have to learn from the lessons of economic history as well as from recent experience. As Galbraith emphasised, the crash was the result of (1) the bad distribution of income, (2) the bad corporate structure, (3) the bad banking structure, (4) the dubious state of the foreign balance, and (5) the poor state of economic intelligence. Sounds all too familiar …

**Towards an Alternative**

Is this the end of ‘extreme capitalism’ and neoliberalism, as Kevin Rudd claims? And if so, what will be the new political economic orthodoxy?

We certainly need a change of direction. We have building blocks which we can use in seeking the alternative, including Keynesian economics, ecological economics, democratic socialist principles and egalitarian commitments. Whether these can be welded together into a coherent program of recovery, reform and reconstruction remains to be seen.

Bill Mitchell and other economists at the University of Newcastle have argued the case for government to play a more major role as employer where private enterprise has clearly failed to shoulder the full responsibility (Mitchell and Muyksen, 2008). Certainly, there is much socially useful work needing to be done and the government should take the lead in directly employing people who are available to do it.

Political analyst Boris Frankel has argued that government also needs to take a leading role as investor, helping to coordinate the superannuation funds into a national investment scheme that can finance projects of national significance (Frankel, 2001). There too is a strong case, because government involvement and coordination would inject more stability into the value of workers’ savings that are otherwise highly vulnerable to volatile capital markets.

Green economists have also made the case for government, in conjunction with business, unions and community groups, to restructure the economy on
ecologically sustainable principles (Pearce and Stilwell, 2008). Going beyond an already discredited emissions trading system is essential if we are to marry concerns with job creation and mitigation of climate change. Economic planning for the creation of green jobs in sustainable industries is both necessary and timely.

An assault on economic inequality can be integrated with these initiatives. Setting limits on the excesses of executives’ remuneration would be a good start. The extension of land taxation would reduce speculation in property markets as well as redistributing wealth. There is no shortage of possibilities for progressive tax reform if there is the political will to counter the inegalitarian effects of neoliberalism.

Conclusion
The ‘new right’ message was couched in terms of what would be good for the economy and the society as a whole. But it was fundamentally a class agenda, intended to restructure the economy to support the interests of financial institutions and those with most to gain from capital accumulation. In that narrow sense it has delivered much for its supporters. However, the broader social fall-out has been deeply damaging.

It is not just the global financial crisis that proves the failure of neoliberalism: it is also the constellation of other economic, social and environmental problems described in this article. However, the ideas and policies promoted by the proponents of ‘extreme capitalism’ will not simply disappear because of the accumulated problems and the changed material circumstances. A two-line struggle will inevitably continue.

Indeed, it is pertinent to note that, in the universities, there is as yet little sign of change in the teaching of the orthodox economics ideas that played such a central role in the drive for neoliberalism. It was orthodox economics that provided much of the claimed theoretical coherence of the policies promoted by the ‘new right’. Those neoclassical economic theories that underpinned neoliberal politics are still the core of the standard curriculum. The ‘new right’ think tanks are also still very well-funded and active in pumping out the propaganda (Cahill, 2009). That is why journals such as Social Alternatives are so important in providing a forum where other more progressive views and strategies can be considered.

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Is Neoliberalism History?

Damien Cahill

In a recent essay published in The Monthly, Australian Prime Minister, Kevin Rudd, pronounces the death of neoliberalism. Rudd argues that the current global financial crisis exposes the failings of neoliberalism and that the world is now witnessing the re-emergence of social democracy. This article takes issue with these claims. It is argued that, by characterizing neoliberalism as solely an ideology, Rudd misses the crucial role played by the state under neoliberalism. Thus the mere ‘return to regulation’ is not, in and of itself, evidence of the abandonment of neoliberalism by policy makers. It is further argued that the policy agenda of Rudd’s own government provides little evidence of a retreat from neoliberalism – indeed key aspects of the neoliberal agenda are clearly evident in the actions and rhetoric of the current Australian government.

Neoliberalism in Theory and Practice

The conclusions reached by Rudd, Sarkozy, Hutton, and many others, that neoliberalism is history, are based upon an understanding of neoliberalism as constituted by a retreat of the state. According to this logic, the return of regulation, such as the nationalisation of major financial institutions, necessarily marks the end of neoliberalism. As Rudd argues, ‘With the demise of neoliberalism, the role of the state has once more been recognized as fundamental’ (2009, 25).

Arguments such as these treat neoliberal theory, and the policy practices of neoliberal governments, as synonymous. Yet there are significant differences between neoliberal theory and practice. Most importantly, the state has been central to the neoliberal project. To identify the implications of the current crisis for neoliberalism, it is necessary to distinguish between neoliberal theory and practice and then reflect upon how the balance of political economic forces might shape future policy outcomes.

A useful starting point is the relationship between the theoretical prescriptions of neoliberalism’s proselytisers, and the implementation of neoliberalism as policy. Neoliberal theory draws upon the writings of economists such as Milton Friedman and Friedrich von Hayek, who advocated a radical winding back of the size and scope of government. According to Friedman and Hayek, markets are self-regulating mechanisms which, when freed from government ‘interference’, are the most efficient and the most moral form of social and economic organisation. The welfare state and other forms of ‘collectivism’ stifle efficiency and stymie individual liberty. Hayek (1944) went so far as to argue that all forms of collectivism, whether socialism or social democracy, inevitably lead to totalitarianism.

It is therefore useful to put these claims to the test and to ask: is neoliberalism history?
With these arguments, neoliberals justify their calls for cuts to the size of government and the transfer of responsibility for the provision of services from the public to the private sector.

While neoliberal ideas had been promoted by the likes of Hayek and Friedman since the 1940s through forums such as the Mont Pelerin Society, it wasn’t until the 1970s that they began to gain currency among policy makers (Cockett 1995). This was when global capitalism faced an economic and political crisis. Profit rates were in decline and the power and prerogatives of capital were threatened by a number of social movements. The environment movement for example called for restrictions upon the freedom of businesses to exploit the natural environment. Meanwhile, a growing militancy among workers was manifested in a wave of official and wildcat strikes throughout the major capitalist nations.

This crisis provided the context in which previously marginal neoliberal ideas enjoyed new legitimacy. Since the 1970s the influence of neoliberal ideas has grown such that it is evident in the broad policy agendas of most capitalist governments. Despite its ‘uneven geographical developments’ (Harvey 2005, 87), neoliberalism has become the dominant logic of policy making globally. Across the capitalist world, restrictions have been removed upon the ability of firms to operate within and across national economies through processes of deregulation. Assets have been transferred from the state to the private sector through a wave of privatisations, and markets have been created for social services formerly monopolised by the state, such as in the arenas of health, education and welfare. The neoliberal assault upon organised labour, the opening up of the state to private capital and the removal of restrictions upon firms was the response by state elites to the economic and social crisis of the 1970s.

However, while a broad correspondence exists between the prescriptions of neoliberal polemicists and the policy agendas of neoliberal governments, a closer examination reveals that there is a significant disparity between neoliberal theory and practice. This is particularly so with respect to the role of the state. Rather than withering away, as neoliberal theory would have it, the state has played an active, indeed activist, role in the introduction, implementation and reproduction of neoliberalism.

This activist role of the state was evident from the very first instance of neoliberalism in practice: Chile under the Pinochet dictatorship. As Naomi Klein (2007, 75-97) demonstrates so powerfully in The Shock Doctrine, after deposing the elected President Salvador Allende through a coup in 1973, the new military government led by General Augusto Pinochet engaged in a process of privatisation, the dismantling of protectionist barriers, and cuts to social expenditure. Concurrently, the coercive powers of the state were employed to suppress organised labour and other dissenters through the imprisonment, torture and murder of left-wing activists. Neoliberalism was enabled by state coercion.

While the case of Chile is an extreme one, it highlights the centrality of the state to the project of neoliberalism and the contrast between neoliberal theory and practice. Other path breaking neoliberal governments also used authoritarian political strategies to enforce market prerogatives. When federal air traffic controllers in the USA took strike action in 1981, the Reagan government confronted their union, PATCO, sacking striking workers, jailing its activists and fining the union itself. In the mid 1980s the Thatcher government in Britain used the coercive powers of the state, including the police and secret services, to undermine the powerful National Union of Miners (NUM). Not only did this pave the way for the privatisation of coal mines, but by defeating the NUM Thatcher also weakened the broader labour movement, paving the way for further neoliberal measures. These trends were continued by later neoliberal governments. In Australia, for example, the Howard Coalition government enacted its Workchoices legislation in 2006 – a radical package of changes to industrial relations that placed severe restrictions upon the ability of unions to organise, increased the discretionary powers of government to intervene in industrial disputes and increased the range of industrial actions for which fines and goal terms apply.

Nor has the size of the state been reduced. Indeed, quite the opposite has occurred. Between 1980 and 1996, government expenditure as a proportion of GDP in the 17 major industrial capitalist economies grew from 43.1% to 45.6% (Tanzi and Schuknecht 2000, 6-7). While some of this growth is due to a rising tax share of national product (even though marginal income tax rates have generally fallen) some of the growth is also a result of the costs of implementing neoliberalism. The engagement of private sector agents to deliver social services, for example, has often entailed the socialisation of risk – whereby the state underwrites the profitability of firms through some form of subsidy or accepts liability for corporate failure or loss of revenue. Extra cost responsibilities for the state also arise due to the new layers of bureaucracy that have been created to facilitate ‘deregulated’ markets.
Although paradoxical, these features of neoliberalism should not be surprising. Throughout its history, the capitalist mode of production has been nurtured, reproduced and its reach expanded by the active involvement of the state in the economy and society. For example, the state was instrumental in the creation of property-owning and property-less classes in England during the 18th and 19th centuries through the enclosure of common land. As Karl Polanyi demonstrated even ‘laissez faire capitalism’ in England in the mid to late 19th century, during which time the market is presumed to have been free of the regulatory involvement of the state, entailed ‘an enormous increase in continuous, centrally organised and controlled interventionism’ (2001, 146). Viewed in this context, while contravening the central tenets of neoliberal theory, state economic and social regulation in the neoliberal era can be understood as but the latest example of the pervasive and coercive role of the state under capitalism.

Some scholars use the term ‘actually existing neoliberalism’ to encapsulate these differences between neoliberalism in practice and the fetishistic abstractions of its advocates (Brenner and Theodore 2002). Neoliberalism has not led to a withering away of the state, but to the creation of new social and economic regulations. It has reconfigured the state’s role, rather than diminished it. And it is this reconfiguration of the state’s role that is crucial to an understanding of neoliberalism. The economic freedoms advocated so stridently by neoliberal theorists have been established, for the most part, only for a small minority of the population, and only by an activist state that restrains and suppresses the rights and freedoms of labour as a class. Over a period of three decades, actions by the state facilitated greater freedoms for capital, the expansion of the sphere of commodification and a weakening of the power of organised labour. All of this granted greater political and economic power to the capitalist class. This, rather than the ‘free market’, is the hallmark of the neoliberal era.

The Demise of Neoliberalism?
Given that a strong and activist state has been central to the implementation and expanded reproduction of neoliberalism, the regulation of markets is not, in and of itself, sufficient to constitute a wholesale retreat from the neoliberal agenda. Predictions that policy responses to the current crisis mark the demise of neoliberalism are typically ignorant of such arguments. A more cautious prognosis for neoliberalism’s future is warranted.

No doubt, recent bank nationalisations in the USA and UK, and moves to restrict some of the activities of financial intermediaries, signal a retreat from neoliberalism on one front. However, many other aspects of the neoliberal order remain intact. This is true even in the financial sector of the economy. Nationalisations aside, the dominant regulatory solution to the current crisis has been the injection of liquidity into financial markets. Bail outs have been preferred to significant restrictions to the freedoms gained by financial capital during the neoliberal era. In most cases, states have acted to protect the viability of the system of capital accumulation rather than to shield ordinary citizens directly from the sometimes violent fluctuations of the market. While such actions certainly contravene the letter of neoliberal theory, similar activities have been a persistent feature of ‘actually existing neoliberalism’. Throughout the history of neoliberalism, there are numerous instances of the state acting to underwrite the profitability of corporations and the viability of markets. As David Harvey argues:

Neoliberal states typically facilitate the diffusion of influence of financial institutions through deregulation, but then they also too often guarantee the integrity and solvency of financial institutions at no matter what cost (2005, 73).

Harvey cites the US Savings and Loans crisis and Long Term Capital Management hedge fund collapse as two examples in which the US state stepped in to either ‘bail out companies or avert financial failures’ in the neoliberal era (Harvey 2005, 73).

In this context, Kevin Rudd’s argument that neoliberalism is now consigned to the dustbin of history looks rather shaky. Despite the current crisis, there is as yet no sign of a broad based commitment by policy makers to dismantling the political and economic power gained for capital through neoliberalisation. Indeed, in many areas of the economy, neoliberalism is alive and well. Australia under the Rudd government offers a case in point. Take industrial relations as an example. While some aspects of the Howard Government’s WorkChoices legislation have been revoked, others remain in place, most notably restrictions on trade union activities and industrial action. On environmental policy too the Rudd Government has shown its predilection for neoliberal solutions, preferring to use market mechanisms, in the form of an emissions trading scheme, rather than mandate restrictions upon polluters, to address the issue of climate change. Consistent with actually existing neoliberalism, large private interests have received special and favourable treatment in this process. In perhaps the clearest signal of its commitment to extending the neoliberal
agenda of previous Australian federal governments, the Rudd Government even created a new government department, 'The Department of Finance and Deregulation', the relevant Ministers for which 'have been given the task of driving reductions in the levels of business regulation' (Australian Government 2009). All this seems a far cry from Kevin Rudd’s polemic against ‘unchecked market forces’ (Rudd 2009, 22). Indeed, a close reading of Rudd’s Monthly essay suggests an ongoing commitment to neoliberalism, even as he rails against it. Rudd’s essay makes it clear that markets are at the centre of his social democratic vision. He writes:

social democrats maintain robust support for the market economy but posit that markets can only work in a mixed economy, with a role for the state as regulator and provider of public goods. Transparency and competitive neutrality, ensured by a regime of competition and consumer protection law, are essential (Rudd 2009, 25).

There is little to differentiate this ideal from the reality of actually existing neoliberalism as it has been implemented in Australia over the last three decades, during which time the state continued to have a role in providing public goods. Indeed, taking a narrow definition of public goods as those that are non-rivalrous and non-excludable, there may be little to distinguish Rudd’s vision from that of Milton Friedman (1982, 22-36), who also saw a role for the state in providing public goods and a framework of rules within which markets could operate. This is particularly the case when the significance of Rudd’s commitment to ‘competitive neutrality’ is considered. Competitive neutrality is one of the principles underpinning National Competition Policy in Australia. It holds that the public sector should not enjoy a competitive advantage over the private sector in the provision of services simply by virtue of public sector services being operated by the state. The implication is that restrictions upon the private sector competitors to public services should be removed. This can be achieved through a range of measures including corporatisation, deregulation and the contracting out of government services: hallmarks of the neoliberal shift in policy making. While Rudd’s statement that government should offset ‘the inevitable inequalities of the market with a commitment to fairness for all’ clearly repudiates some of the more extreme pronouncements of neoliberal fundamentalists, there is some evidence that, under the Howard government – probably the most ideologically neoliberal federal government Australia has experienced – the state did play a role in offsetting market-based inequalities (Mendes 2008).

The Rudd Labor government’s commitment to neoliberalism should not come as a surprise to anyone familiar with Australian political history since the 1970s. In many ways, Rudd is simply following the tradition, established by Labor in government since the end of the post-war boom, of neo-liberal and social democratic commitments coexisting, albeit sometimes uneasily, among the Party’s leadership. Arguably, it was the Whitlam Labor government that first set Australia on the neoliberal course, with its 25% tariff reduction in 1973 (Lavelle 2005, 760-1). Certainly, the successive Labor Governments under the prime ministerships of Bob Hawke and Paul Keating from 1983-96 marked the neoliberal transformation of the Australian state. This is noted by Robert Manne in his response to Rudd’s essay in the following issue of the same magazine: ‘In Australia, a considerable part of the neoliberal program was implemented by the Hawke and Keating governments’ (Manne 2009, 24) and he chides Rudd for conveniently ignoring this legacy.

None of this is to argue that the forward march of neoliberalism will necessarily continue. Rudd is surely right to point out that its legitimacy has been severely weakened. Yet, governments continue to adhere to the logic of neoliberal policy. An assessment of whether neoliberalism is history is not a matter of simply looking for the absence or presence of financial, or other types of, economic regulation. Rather, it entails first recognizing the pervasive nature of the state’s involvement in economic processes, and then asking a series of questions. Who benefits from this involvement? Whose interests are prioritized? Who carries the burden? Who bears the risk? A real repudiation of neoliberalism would require a subordination of corporate interests to collective priorities and a shielding of workers from the fluctuations of markets in areas such as work, superannuation, health care, child care and housing. So far there is little evidence to suggest that such programs are on the political agenda. Rather, market mechanisms are still preferred, alongside the socialization of private sector risk. Because it seems unlikely that the repudiation of neoliberalism called for by Rudd and others will come from within the state, it would have to be forces outside of the state, such as social movements, that impose this agenda on policy makers and turn a rhetorical commitment to social democracy into a new political reality.

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Answers

Since God doesn’t care, and the past no longer exists (only memories, which are always here and now), since the sky gives no answers (or is that only answers), you ask at last where should we go, where can we keep our treasures? And what for?

Haunted by the very thing that makes you worthy, you long for some enemy, to threaten you and curse you, to remind you who you are.
The thing you need to know but can never see, is still there behind your back. Twist and stretch, claw away — no matter. How many lifetimes to no avail? All this space to yourself

is only space, after all.
If someone’s arms would wind around you, then perhaps nothing could go wrong.

Jeff Klooger,
Seaford Vic.
The new right promoted a fundamentalist view of markets that came to be referred to as economic rationalism in Australia and, more widely, as neoliberalism. It advocated the replacement of government functions and services with those provided by private profit-seeking firms operating in the market (privatisation); deregulation of labour and financial markets; deregulation of business activities; free trade; and smaller government through reduced taxes, spending and regulation. These policies were promoted in the name of free markets, economic growth and the public interest (Beder 2006b).

The new right argued that competition and unrestrained selfishness was of benefit to the whole society in capitalist societies (Sheil 2000, 26). It asserted that, as a nation gets wealthier, the wealth will 'trickle down' to the poor because it is invested and spent, thereby creating jobs and prosperity. In fact, the global financial crisis has shown that financial markets provide opportunities for investment that provide relatively few extra jobs and that feed an ephemeral prosperity that can be wiped out in days.

Neoliberal theories were embraced by big business because they provided a legitimation for their pursuit of self-interest and avenues for business expansion (Beder 2006a, 151). They supported the argument that government regulation interfered with business and undermined ‘enterprise culture’ (Self 1993, 72). In this view, government intervention in the management of the economy is unnecessary and unwise because the Market is a self-correcting mechanism. There was, also, some appeal in free market ideology for governments too, in that it absolved them of responsibility for economic performance (Beder 2006a, 8).

Outcomes and Inequities

As neoliberal policies were implemented around the world, disparities in wealth and income increased and poverty increased, contradicting neoliberal theories that by increasing the wealth at the top everyone would be better off.

In Australia economic rationalism – adopted by the Hawke/Keating governments in the 1980s and continued by the Howard government in the 1990s – resulted in efforts to reduce government deficits, reduced taxation for high income earners, deregulation of financial institutions, floating of the dollar, reduction in tariffs and import restrictions, privatisation, and business deregulation (Garnaut 1994, 53-4). These reforms – termed ‘restructuring’ – were supposed to enhance economic efficiency, productivity and industrial competitiveness (Beder 2006b, 65).

The reinvigoration of the Australian manufacturing sector that was supposed to result from this ‘economic restructuring’ never occurred. The extra money generated in the 1980s by lower corporate taxes, higher profits and deregulation was seldom reinvested in productivity. Rather, it was squandered on ‘increased executive salaries, increased luxury consumption and a mass of unproductive investment, seeking wealth through shuffling paper, takeover bids and counter-bids’ (McEachern 1991, 80). The Australian ideal of
egalitarianism was destroyed as wealth disparities in Australia began to rival and exceed other countries (Thompson 1992, 16).

The same policy prescriptions, referred to as the Washington Consensus, were forced on developing nations at an international level through the use of loan conditions and structural adjustment packages by the World Bank and the IMF. The Washington Consensus benefited transnational corporations and large companies, often at the expense of small local businesses, and always at the expense of the poor (Beder 2006b, 46). It gave economic goals priority over social goals, destroying socially beneficial traditions and desirable aspects of cultures in the process (Stilwell 1993, 36). Progressive taxation systems were dismantled and government social services decimated. The aim was for governments to be responsible for little more than law and order and national defence (Williamson 1994, 17).

Nations following IMF prescriptions did not prosper: ‘the majority of those nations that have followed the IMF’s advice have experienced profound economic crises: low or even declining growth, much larger foreign debts and the stagnation that perpetuates systemic poverty (Kolko 1998, 21).’ Some countries that had declined the IMF’s ‘enhanced structural adjustment’ loans were, in contrast, better off.

In the two decades before the introduction of the Washington Consensus government, spending and welfare schemes were looked on with approval and the income (as measured by mean GDP per capita) grew by 73 percent in Latin America and 34 percent in Africa. In the following two decades, as the Washington Consensus was applied to most nations in Africa and Latin America, incomes in Africa declined by 23 percent and the Latin American economies only grew by 6 percent (Palast 2002, 48).

The gap between rich and poor has increased. Forty four percent of people in developing nations live in poverty and unemployment doubled in the last decade of the twentieth century (Blustein 2002, E01; Lapper 2002, 1; Forero 2002, A-1). Even the IMF admits that ‘in recent decades, nearly one-fifth of the world population have regressed’ (IMF World Economic Outlook report quoted in Palast 2002, 50).

In the US the ‘[t]hree decades of neoliberal economic policy have led to widest gap between rich and poor in America as compared to other industrialized nations... Currently the top 20% of population in America receive about 50% of income, while the lowest 20% get merely 3.4% of the income, and the top 1% own 40% of the wealth’ (Torbat 2008). Although average wages increased by 2.5 percent between 2000 and 2007, this increase actually occurred at the top of the wage hierarchy, with Wall Street traders and executives earning a billion dollars between 2003 and 2007 (Muzaffar 2008), while the real wage of the median household fell over that time (Sapir 2008).

Such disparities in income have been accepted because greed has been institutionalised and legitimised as a driver of free market economies: ‘The rapacious acquisition and accumulation of wealth by an elite is sanctified as a vital pre-requisite for the progress and prosperity of the people. The poor, it is argued, will eventually benefit from the wealth created by the elite’ (Muzaffar 2008).

Financial Market Coercion

Whilst the IMF and the World Bank enforced the Washington Consensus on poorer countries in desperate need of capital, other more affluent countries were forced into adopting the same formula by the world’s financial markets. Their vulnerability to these markets was facilitated by financial deregulation.

Financial deregulation involved three actions: the opening up of a nation to the free flow of capital in and out of it; the removal of regulations on financial institutions operating within a country; and the removal of political controls from the central bank (Patnaik 1999). In this way, the financial sector of a nation becomes part of the international financial sector rather than a part of the domestic economy and it serves the interests of global financial institutions rather than the interests of the local people or national governments (Beder 2006b, 47-52).

Financial deregulation was demanded by business interests, particularly large financial firms and transnational corporations that wanted to be free to move their money around. The economic argument for financial deregulation, supplied by free market think tanks and economic advisors, was that the free and unregulated movement of capital is more efficient, because capital can move to where it gets the best returns (Helleiner 1996, 194; Bell 1997, 103-4).

As a result of financial deregulation, governments become accountable to international financial markets. According to Professor of Economics, Prabhat Patnaik:

An economy exposed to the free flow of international finance capital, however, is obsessed with the need to appease international financiers, to retain their ‘confidence’: the thrust of policies in such an economy therefore, even in principle, is not towards serving the interests of the people but
towards serving the interests of the speculators, which represents an inversion of democracy (Patnaik 1999).

Similarly, the Economics Editor of the Financial Times, Peter Norman, observed:

Because they process the many billions of dollars worth of investments flowing across national borders each day, the markets have become the police, judge and jury of the world economy—a worrying thought given that they tend to view events and policies through the distorting lenses of fear and greed (Norman 1994).

The judgement of financial markets is neither wise nor well thought out. Rather, it is panic-driven and herd-like. Decisions to buy and sell are not made on the basis of what is good for a nation's economy but, rather, on the basis of trying to second guess other investors. This merely serves to create economic instability and does little to foster productive long-term investment. Investment capital that could otherwise be used in production is used for gambling on the economies of various countries. Professor Walden Bello notes:

The problem with investing in financial sector operations is that it is tantamount to squeezing value out of already created value. It may create profit, yes, but it does not create new value... Because profit is not based on value that is created, investment operations become very volatile and prices of stocks, bonds, and other forms of investment can depart very radically from their real value (Bello 2008).

Financial deregulation exposes the economy to the vortex of speculative capital movements, that is, to the flows of short-term finance in search of quick profits. For example, only ten percent of transactions in currency markets represent actual trade. The rest is largely speculative (Patnaik 1999, Toussaint 1998, 52). The rapid inflow and outflow of speculative finance can cause crises in national economies (Patnaik 1999). David Korten, once a senior advisor to USAID, says of these speculators:

Each day, they move more than two trillion dollars around the world in search of quick profits and safe havens, sending exchange rates and stock markets into wild gyrations wholly unrelated to any underlying economic reality. With abandon they make and break national economies, buy and sell corporations and hold politicians hostage to their interests (Korten quoted in Barlow and Clarke 2002, 93).

Thomas Friedman uses the term the 'Electronic Herd' to refer to 'the faceless stock, bond and currency traders sitting behind computer screens all over the globe, moving their money around with the click of a mouse from mutual funds to pension funds to emerging market funds' and the 'big multinational corporations who now spread their factories around the world, constantly shifting them to the most efficient, low cost producers' (Friedman 1999, 90-91). It is they who have become the final arbiters of 'good' government policy.

Countries can still retain a veneer of democracy with choice between major parties, but because of the constraints imposed by the need to please international financial markets, the policy differences between the major parties is minimal. They all adopt the same free market policies (Patnaik 1999). Governments that try to deviate are punished by the markets, in particular, 'the major international banks, large transnational corporations with major financial dealing, fund managers within key private financial institutions, and the key credit-ratings agencies (such as Moody's)' (Bell 1997, 105).

Inequality and Debt

Inequities in income in many countries, resulting from neoliberal policies, meant that consumer demand could not keep up with production capacity. Consequently profits from investing in production declined and economic growth slowed. Once governments would have fed demand through government spending, but neoliberalism precluded this. Instead consumer demand was increased through bank credit to consumers (Torbat 2008). This temporarily ensured continued economic growth in many countries. In the US, cuts in interest rates ensured more borrowing in order to sustain economic growth (Gupta 2008).

Consumer credit was augmented by mortgage debt. The middle-classes in the US, for example, borrowed money through home mortgages, to pay for consumer items and to be able to invest in the booming stockmarket (Sapir 2008). More and more people were given these loans despite declining wages, because rising house prices seemed to guarantee that the loan institutions could not lose. If people defaulted on their mortgages the repossession of their homes would cover their debt. 'By 2004, Americans were using home equity to finance as much $310 billion a year in personal consumption.' (Gupta 2008) By 2008 household debt was up to 93 percent of US GDP (Sapir 2008), and was a key driver of economic growth in the US (Gupta 2008). Low interest rates meant more home buyers could afford to buy homes and more of them could afford more expensive homes so that house prices went up.
‘Big ticket mortgages were aggressively sold to millions who could not normally afford them by offering low “teaser” interest rates that would later be readjusted to jack up payments from the new homeowners’ (Bello 2008).

The demand for housing as an investment caused house prices to increase even more. This demand increased after the stock market declines in 2000 and 2001 when nervous investors moved from the stock market to property as a safer investment (Gupta 2008).

**Consequences of Financial Deregulation**

As we have seen, as a result of neoliberal policies, wealth accumulated in the hands of the few who searched for ways to invest it that were more profitable than investment in production. The financial sector offered lucrative investment opportunities, exacerbating the volatility of markets that accompanies ‘massive speculation’ (Muzaffar 2008).

The neoliberal opposition to government intervention in business and markets, and in particular the deregulation of financial institutions, allowed financial markets to become more and more complex as traders worked out more and more ways to make money from both rising and falling markets, using derivatives, credit default swaps, and other mechanisms that were often beyond the understanding of the layperson and many politicians (Bello 2008):

…everyone acknowledges by now that Wall Street’s capacity to innovate and turn out more and more sophisticated financial instruments had run far ahead of government’s regulatory capability, not because government was not capable of regulating but because the dominant neoliberal, laissez-faire attitude prevented government from devising effective mechanisms with which to regulate (Bello 2008).

One investment mechanism was ‘collateralized debt obligations’ (CDO’s), which turned home mortgages into a tradeable commodity. Banks could earn fees from setting up mortgages and then sell on the mortgage so as to free up their money to establish more mortgages. Once the mortgage was sold on, the bank did not have to worry about whether the mortgage would be paid off and so it was less concerned about ability to pay when it approved loans. ‘Banks began using call centers and high-pressure tactics to mass-produce mortgages because the profit was in volume—how many loans could be approved how fast’ (Gupta 2008).

To make these mortgages attractive to investors, the banks had them assured by Fannie Mae or Freddie Mac, which to investors was as good as a government guarantee for the mortgages since they were sure the US government would not allow these institutions to go bankrupt. Fannie Mae, Freddie Mac, banks and hedge funds bundled mortgages together as mortgage-backed securities (MBS) to sell them to investors who would then own the right to receive mortgage payments (Gupta 2008).

MBSs were further bundled with other investment products into CDO’s. The various middle-people who were involved in selling them on had an interest in understating the risks associated with these CDOs and because financial markets had been deregulated they were free to do so. Banks and foreign financial institutions were ready to believe assurances of low risk because, they assumed, house prices would continue to rise indefinitely (Bello 2008, Gupta 2008).

However, rising house prices led to a building boom and an oversupply of housing, contributing to the bursting of the housing price bubble. Oversupply was exacerbated when interest rates were increased and hundreds of thousands of people could no longer afford their mortgage payments and their houses came back onto the market (Gupta 2008). When this happened, the owners of the MBSs and CDOs found that the houses were now worth much less than the mortgages they had bought and for companies like Lehman Brothers, Merrill Lynch, Fannie Mae, Freddie Mac and Bear Stearns, their consequent losses were more than they could afford and they were threatened with bankruptcy (Bello 2008).

Other companies such as the American International Group (AIG) lost money on credit default swaps – ‘derivatives that make it possible for investors to bet on the possibility that companies will default on repaying loans. Such bets on credit defaults now make up a $45 trillion market that is entirely unregulated’ (Bello 2008).

Financial institutions around the world were exposed to these CDOs and suffered major losses; some having to be bailed out by governments. The collapse and near collapse of major financial institutions led to a series of panics in stock markets around the world, wiping trillions of dollars off the value of stock. Falling share prices, combined with the unavailability of credit as banks became more cautious, caused a decline in business and consumer confidence as well as a slump in consumer demand and lowered economic growth, which have, in turn, fed rising levels of unemployment and recession.
The response of governments around the world has been aimed at stimulating their economies. In Australia, although Kevin Rudd has argued for more international financial regulation, his economic policies continue to be largely based on faith in markets. While the Rudd government stimulus packages include some proposed infrastructure investment they rely too heavily on providing consumers with spending money in the vain hope that the market will ensure that people spend it in ways that will stimulate the economy.

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It’s bankruptcy, the human haul,  
The shining, bulging nets lifted out of the sea, and  
always a few refugees  
Dropping back into the no-longer-mirthful kingdom  
- John Ashbery, ‘Purists Will Object’

September, 2008. In America major investment banks collapse, then Lehman Brothers goes, including its Canary Wharf headquarters. Days later, the Halifax Bank of Scotland (HBOS) announces stability, but its shares are glass slippers, and nobody realises how late it is.

C. Wright Mills (1970) urged for the experiences of those who describe social life to feed into accounts they make of it. He also calls for this process to be linked to wider, inescapable shifts of history. The recent financial crisis sent me back into my own Bermuda triangle of self, history and other.

I worked for HBOS, a merger of Halifax plc and Bank of Scotland, between 1999 and 2002, as a graphic designer, working in the team who put ‘Howard’ on television screens (see fig.1). Less enjoyably, I had to sit through seemingly hundreds of video tapes featuring Halifax branch employees performing karaoke. Pop Stars was a popular TV show. Howard was picked, for his spectacles rather than singing, which were then made slightly bigger and patented. His harmless, slightly geeky image was an alibi. Soon, Howard was heard around the marketing department declaring that he wanted to be a ‘real’ pop star.

This myth of winner-takes-all instant celebrity exists both as entertainment and a distorted reflection of the free market. Howard was removed from the HBOS marketing strategy in 2008. He was a nice guy, but his cheery success narrative was deemed unmarketable to a market which was, well, priced out of the market. Howard, as with so much in popular culture, illuminated what was going on unseen, beneath the surface, although this always requires some decoding.

I began working at the Halifax plc headquarters, Trinity Road, in 1999. The old Masonic lodge is enshrined like a golden temple at the heart of a huge piece of 1970s architecture, built entirely aloof from its locale (see figs. 2, 3 and 6). It appears to be on legs, ready to go stalking the streets in search of new prey, its windows impenetrable, warping the town back at itself in a hall-of-mirrors caricature. Upon entry, Trinity Road replicates the town it locks out, with its security barriers and swipe cards. It renders the town outside

fig.1 Howard Brown, a Halifax plc employee picked to star in their TV ads.
redundant for those lucky enough to work inside. A micro Halifax in Halifax. During the merger between Halifax plc and the Bank of Scotland, a local newspaper distributed a protest broadsheet bearing the surreal plea to ‘Keep Halifax in Halifax’ (Halifax Evening Courier, 1 May 2001, see fig.4). From here on in, reality seemed to leak from the hull of the institution rapidly.

Inside Trinity Road was a shop for workers, stocking all those little things you may need to ‘nip out for’. Public life was marginalised. The Halifax ‘X’ logo was everywhere inside, detectable all over the architecture of the building. X marks. Close your eyes and it was imprinted on your retina, a ‘brand’ in a very original sense, but a double bind, a mark of ownership, as well as the cross-hairs of desire. An unattainable, impossible to possess, g-spot of greed.

I had only been employed at The Halifax for three months when rumors of a merger between Bank of Scotland and Halifax plc began to circulate Trinity Road. The work dried up completely for weeks, the constant urgency I had experienced before suddenly seemed fake. A restructure then moved swiftly, from top to bottom. The new marketing boss was announced, who sent a circular email to all employees regarding his suitability for the role, which mentioned his Cambridge education. The next day he came to the graphic design department at around 11am with a flip chart, showed some graphs (which nobody understood) before concluding cryptically that it would be ‘a hard day for you all’. He left, rapidly. The entire department was then informed that it had been axed. My line manager’s left leg began convulsing, involuntarily, as her sobs began to leak out. I went home and continued to paint the walls of the house I had just taken a Halifax mortgage on, with my partner. Wildlife documentaries on the feeding habits of Lions bulged out of the television, with heightened significance.

There are problems with a puritan work ethic in a postmodern workplace. The type of community which interwove the original version has long since been updated with a turbo-charged version of Marx’s cash nexus and Simmel’s blasé. Richard Sennett covered the side-effects well in Corrosion of Character (1998). Of course, community exists in these workplaces, but competition has increased, through targets and often individualised bonus schemes. Pierre Bourdieu (2003, 28) discussed the labourers in saturated markets who, unlike the working classes of the nineteenth century onwards, are skilled, rather than unskilled, often being highly qualified in other fields. Bourdieu describes the insecure position of many contemporary workers, saying that:

...company boards are compelled by the logic of the system they dominate to improve the pursuit of ever higher profits (returns of 12, 15, and even 18 percent on capital invested), which firms can yield only through mass layoffs (Bourdieu 2003, 28).

In the logic of vast multinationals and shareholder-centric policy, it no longer matters if you are a good girl or boy, when the indexes require it, you will be culled.

A week later, I sent a letter to a middle manager, complaining that I was obviously hired just as decisions were being
made elsewhere to render the department hiring me obsolete. I felt ambivalent about the place, but I was re-hired by a now-merged HBOS. Again, ‘Halifax Bank of Scotland’, which the HBOS acronym stands for, seems like a logical impossibility, but we were asked to reify the absurd concept into a logo. This indicates the freakish schizophrenia of globalization’s side-effects, of effectively ‘stateless’ corporations. David Harvey described the ‘compression’ of time and space as capitalism accelerates via new communication technologies, overcoming spatial limits, even geography itself, so ‘that the world sometimes seems to collapse inwards upon us’ (Harvey 1990, 240).

From here, I worked on a version of the Report & Accounts for the American market, at one point meeting delegates from the World Trade Centre. I worked alone in a ‘security environment’, essentially a locked room. It was an education of sorts to work on a document which assumed one million pounds to be a standard single unit. I understood why the K Foundation burned exactly that figure, not two million, or £999,999. They burned a potent legitimation symbol. One million pounds is not only an almost-religious icon of power and desire, looming large on the cultural landscape, through the enormous popularity of TV shows such as Who Wants To Be a Millionaire?, but a basic unit of discourse in the financial world.

The thing is, none of these figures, typed into the report and accounts document over long shifts, were real. The ‘real’ ones would be added at the security press, prior to printing. Only the finance department were trusted with the numbers.

Each day I backed this work up on a digital storage tape, which I sent to a coded address. I was told this tape went to a location somewhere in North Yorkshire, where an identical room to the one I worked in existed, with a desk, chair, Apple Macintosh computer, appropriate software and a digital tape reader. This room is where my replacement would take over my work on the Annual Report & Accounts, should Trinity Road be bombed. As bits of me lay in the rubble above the deed store vaults, rumored to be fortified to withstand a nuclear attack, my labour would be painlessly replaced. I started reading Marcuse around this time.

One day, someone ran into the marketing department and switched the cinema-sized plasma screen on the wall over to BBC News. This screen was used to show new adverts and to play the compulsory Thursday morning staff television program. Having been into the ‘real’ town, someone had obtained some ‘real’ news, outside of the Halifax’s intranet and internal TV channel. That day, in widescreen, I watched the first plane melting the core of the World Trade Centre as the second went in. I watched this happen.
to a major financial institution from within a major financial institution. The new marketing boss stood under the screen, shaking his head in condemnation of a truly awful atrocity. He stared at employees near the screen, repeatedly, performatively, shaking his head. It is easy to forget that the wider public did not know who had attacked at that moment. Websites, both left and right, were considering the possibility of so-called ‘anti-globalization’ protesters as culprits.

As Stuart Hall and others have pointed out, 9/11 was the moment when the traditional left finally realised that secular, extreme radicalism had just been eclipsed, by religion, of all things (Hall 2007). Durkheim’s idea of creeping secularisation was also put on hold. This concept though, should not just be applied to the ‘other’ of Islam, but also to the ‘other’ of Sarah Palin, a woman whose belief system is just as subjective as Islam’s, and who, only a short time ago, could have ended up leading the United States of America within a short space of time.

I often wonder if the planes entering the twin towers murdered any members of the delegation I met six months earlier. I still carry a jarring mental image of garrulous Americans juxtaposed with the utter obscenity of the TV footage. The planes also rendered much of my workload obsolete, as the American version of the Report & Accounts was then withdrawn due to an unsteady post-9/11 market situation. Within months I took a redundancy payment and re-entered education, shortly afterwards splitting up with my partner. HBOS then mistakenly paid a bonus directly into my bank account for two years.

Slavoj Zizek echoes a line from the film The Matrix in his post-9/11 essay, Welcome to the Desert of the Real. He discusses a ‘paranoiac fantasy’ in which a Western citizen lives in:

...a consumerist paradise, who suddenly starts to suspect that the world he lives in is a fake, a spectacle staged to convince him that he lives in a real world, while all people around him are effectively actors and extras in a gigantic show. The most recent example of this is Peter Weir’s The Truman Show, with Jim Carrey playing the small town clerk who gradually discovers the truth that he is the hero of a 24-hours permanent TV show: his hometown is constructed on a gigantic studio set, with cameras following him permanently. Among its predecessors, it is worth mentioning Philip Dick’s Time Out of Joint (1959), in which a hero living a modest daily life in a small idyllic Californian city of the late 50s, gradually discovers that the whole town is a fake staged to keep him satisfied... (2001, 232).
I laboriously entered, locked away, often for more than 12 hours at a time, led to the final revelation of my entire working life: All subsequent labour I undertake has been outsourced to the myth of Sisyphus. Because all the figures in the HBOS American Report & Accounts, ‘real’, or ‘unreal’, were quietly being erased by history every second that I typed them in, along with my relationship, all its contingent trajectories and house, mortgage, car, stuff. We now know that other risks were being taken, even then, which would have further historic effects. As I write, some of these risks are being pinned on James Crosby, who I met briefly, once or twice (Bowers, Summers and Wearden 2009).

There are much wider implications here than my being effectively paid to undertake useless work. Jean Baudrillard wrote about the World Trade Centre as ‘uncanny’ a long time ago, of the ‘doubling’ of the twin towers as emblems of the advance into simulation, the end of any original referent, a postmodern ‘endgame’ theory (1976, 69). Yet another ‘endgame’, Fukuyama’s ‘End of History’ thesis, is surely one rare moment in philosophy when we can actually say that something was definitely wrong. It is clear that neo-liberalism and market forces have not reached some Hegelian ultimate form. The ideas claiming this possibility were theology.

Although the divorce of meaning I experienced back then still holds, Zizek’s ‘desert of the real’ is also the real desert wasteland made of Iraq and Kososvo, plus the leveled, no-longer uncanny towers at ground zero. Alienation may be ‘real’, but so are the bloodier realities the alienated Western self finds it simultaneously easy and impossible to connect with. The numbers may be ‘unreal’, but the people and families currently dropping off the edge of the world into blackness because of their shapes are lividly real. Beyond my anecdotal rubble, I think we need to consider history, to think about the ways we conceptualise our world of geographical, significatory and existential divorce.

The political void it’s said young people grow into is not a void at all. The perceived ‘neutral’, ‘apolitical’, ‘natural’, ‘objective’ background to their experiences, as Slavoj Zizek wrote (2008) is actually the most dangerous - because invisible - realm of ideology. The violence required to reproduce social relations every day, presented as ‘stability’. At crisis points we get a glimpse of this stability as an illusion, sometimes a partial view of what’s behind it, like suddenly seeing the chair you are sat on as the dynamic field of molecules it really is.

The difficult, maybe impossible task, lies in re-connecting our psychologically alienated selves to the physically and psychologically rent other, those bought, sold, and torn apart by the mechanisms which merely alienate many of us in the west. If this task is impossible, then we need to move towards a way of thinking about the world which upfronts doubt, which has been discussed by Les Back, a sociologist (2005, 7).

My experiences in the weird, uncanny, hyper-real world of the postmodern workplace, with its supercharged alienation, resonate with Walter Benjamin’s concepts around fragments of ‘messianic time’ (1940). That workplace currently appears to be splitting open, revealing fissures which allow glimpses, snatches of insight. My approach has been redemptive, to disturb and retrieve the sediment of buried experience. For Walter Benjamin, both happiness and history were tied to redemption:
Reflection shows us that our image of happiness is thoroughly coloured by the time to which the course of our existence has assigned us. The kind of happiness that could arouse envy in us exists only in the air we have breathed, among people we could have talked to [...] The same applies to our view of the past, which is the concern of history (Benjamin 1940, 247).

Benjamin meditated on Paul Klee’s painting of the Angelus Novus, which he bought in 1921. He saw the owl-like figure Klee depicted as the angel of history. A storm is blowing in paradise, which does not allow the angel to stand still, it is caught in his wings, propelling him forwards. The storm is progress. The angel sees the piling of ‘wreckage upon wreckage’ at his feet. He ‘would like to stay, awaken the dead, and make whole what has been smashed’, but is propelled ever onwards, as the catastrophes pile up (Benjamin 1940, 247).

Now is a time of wreckage, not only of families and lives, or even big business, but of new right theology. Richard Sennett and Jonathan Cobb (1972) wrote of tribal societies who stop believing there is a god behind

**fig.7**
John and Margaret Grant’s 2006 allegorical book work, It’s A Frog’s Dream (2006) forces a personal space of allotments, soon to be cleared for private housing, into dialogue with the faceless façade of Trinity Road.

“The gardens had been in use for one hundred and twenty three years”.

"The gardens had been in use for one hundred and twenty three years".
the mask, if that mask changes too often. Crisis points remove the mask, they reveal, they can change, but Zizek points out that often they are not violent enough to open up a new imaginary space (2008). The current collapse, though deep, may only force a return to a slightly altered, slightly less free market, with even greater blocks of capital controlled by fewer agents, before a return to amnesia:

The true picture of the past flits by. The past can be seized only as an image which flashes up at the instant when it can be recognized and is never seen again. [...] To articulate the past historically does not mean to recognize it ‘the way it really was’. It means to seize hold of a memory as it flashes up in a moment of danger (Benjamin 1940, 247).

If we must advance through wreckage, with the prospect of more to cover it, we need potent cultural batteries to illuminate the forces of history and their effects upon us. But the storm of history blowing through individual lives is invisible and the attempt to illuminate its ghost risks the creation of more theologies, impossible certainties. So far we have only built prisons when we should have been creating prisms all along. There are no original moments, photographs freeze, but then they rot. The only ‘original moment’ most contemporary scientists agree upon is a vast explosion containing everything knowable. This is Benjamin’s storm. Fukuyama’s theology regarding ‘the end of history’ was an impossible frozen moment, immediately wiped away by that storm.

Is it possible to stop producing what I have described as theological certainties, which both neo-liberal, free market dogma and historical Marxism have indulged in, at the same time as making penetrative insights which have a tangible relationship with the world? ‘Progress’ may now be a questionable term, but ‘process’ is real. It is to the course of that process accounts must adhere, catching images as they flash up, to be viewed before they vanish, in a prismatic writing, rather than prediction, or dogma of history.

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My Beard – for Angeli

Slowly as ever
A beard grows across my face
My slow, rough smile
I have caught the image of you       blur
In the distance
Making your way towards me

Kim Mann
Henley Beach SA
The Australian Centre for Peace and Conflict Studies (ACPACS) is a centre of research and practice excellence in the areas of conflict analysis, prevention and management, alternative dispute resolution, peace-building and development and post-conflict reconstruction. ACPACS is located within the Institute for Social Science Research at The University of Queensland.

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That the economic crisis of 2007-2009 has opened space for left and broadly progressive ideas to emerge can only be regarded as a good thing. But political parties claiming an affiliation with progressive movements appear less than prepared to initiate the sorts of processes that are needed to pose a threat to neoliberal ideas. While some political economic clusters on the left have much to say about the economic downturn, some political parties of the notional left seem comatosed by thirty years of market fundamentalism. This article explores the dynamics of this situation, arguing that there can never be enough of a critique of the underlying character of neoliberalism.

Rather than ending this article on a note of despair, it seems more apt to state at the outset a pessimistic proposition, and bring a focus to testing that pessimism across the entirety of the critique. The despondency is warranted by the apparent unreadiness of nominally left political parties in several countries, including Australia, to seize the moment offered by what is already a global recession, and which appears to be turning into the third great depression since the 1890s. While individuals and social groups on the Left have variously recognised the present situation as presenting a potential to change direction, the majority of political representatives in labour and social democratic parties — in Australia, the UK, and the US, for example — appear ill prepared to reap the opportunities for transforming the political economic framework established by the neoliberalism of the past thirty years.

Not for the first time has a world economic crisis found labour leaders and social democrats less than prepared in obtaining the sorts of changes needed, first, to deal with the immediate fallout of the crisis itself, and second, to argue for a better panoply of programs to deal with its causes, indeed to argue for another paradigm altogether. The depression of the 1930s overwhelmed both the British and the Australian labo(u)r parties at a time when both parties held office, the Labo(u)r governments of Ramsay MacDonald (1929-31) and James Scullin (1929-31) each disintegrating short of a full term.

In several — but, importantly, not in all — comparable countries at the time, a social democratic or socialist response was rather belated. In the UK and Australia a comprehensive response to the depression, one that emphasised full employment with an attendant social security program, was forthcoming only during the Second World War and immediately thereafter. In contrast, as early as 1932, Sweden made a fundamental change of direction after the election of the Social Democrats (Pekkarinen 1989, 311-45; Berman 1998). Peter Hall, in his definitive work of comparative political economic scholarship, distils the orientation of the political party in office as the single most critical factor in determining whether and to what extent countries took a Keynesian social democratic path in the 1930s and 40s (Hall 1989, 376). The ideological preparedness of a political party, together with a keen sense of potential societal coalitions, forms an important determinant in the displacement of one paradigm by another.

There is more to it than this, of course. From the 1970s breakdown of Keynesian social democracy — in several, but, once again, not in all OECD countries — it is clear that those countries with more developed institutions were more successful in resisting the encroachment of neoliberalism. Labour market institutions, socialised finance and investment institutions, and institutions responsible for income distribution are especially worthy of mention. But acknowledging the importance of institutions brings us back, in the end, to the factors that give rise to
institution building in the first place: the enunciation of political ideas, a sophisticated intellectual apparatus, a proper sense of societal coalitions needed to tackle society's problems, and a keen anticipation of the interests that are likely to oppose the building of a better society. (One societal coalition recently forged in Australia is the nexus of unions, churches, rank-and-file members of the Greens and the ALP, and wider community groups in mobilising opposition to the Howard Government's industrial relations legislation.)

In terms of ideas, of having an alternative intellectual framework, the parliamentary Australian Labor Party (ALP) appears far from prepared to make an adequate response to the present political economic situation. Like its British counterpart, the ALP is stymied by its recent embrace of neoliberalism. The neoliberalism that became ascendant in the last quarter of the twentieth century in Australia was largely implemented by the ALP in office between 1983 and 1996. The centre-piece of this neoliberalism may be characterised as 'leaving things to the market' whereby explicit means of socially regulating private economic activity are thwarted or reduced (MacEwan 1999). The ALP has never repudiated this crusade. If it was ever going to come close to doing so, it was after its withering defeat in 1996 and its first period of opposition. Following its near win in 1998, it then avoided the question as much as possible; and, then, interpreting the result of the 2004 election as a denunciation of social democracy rather than the rejection of an unconvincing form of neoliberalism (and an unelectable leader), it relinquished any further questioning of the essence of neoliberalism.

Or, as it might appear, it did so until recently. Kevin Rudd's essay on the neoliberal causes of the economic crisis (Rudd 2009) attempts to distance the ALP from neoliberalism as much as possible. He attempts to do this by dint of construing neoliberalism quite narrowly. There are some progressive statements in his critique, compared to where the political economic debate has been in English-speaking countries in the last quarter century. The word 'Keynesian', banished from polite conversation for two decades, has been uttered. Had the essay been written at an earlier time, however, or, more importantly, had contained an acknowledgement that the Labor governments of Hawke and Keating, together with the Labor oppositions between 1996 and 2007, share responsibility for the unfolding phenomenon, it would have been a work of much greater significance. The essay disappoints because it avoids meaningful discussion of the broad neoliberal agenda: privatisation, deregulation of the labour market and increased employer prerogative, financial liberalisation of the 1980s, commercialisation of higher education and other hitherto public entities, and the contradictory growth of regressive government expenditures alongside the continual thwarting of useful government expenditure.

Who Claims Not To Be Neoliberal?
This background is important because it gives some idea of the general orientation or disposition of the ALP towards capitalism and what the causes of the current recession are taken to be; it also provides a useful point of comparison with views further to the Left about those causes. The first of the groups claiming to depart from neoliberalism is sometimes termed 'new Keynesian' by its adherents (and by some neoliberal sceptics). It emphasises the regulatory failures of the past twenty years and the need to re-introduce forms of corporate and financial regulation. Within discussion of the crisis itself, the 'new Keynesian' approach attempts to restore the liquidity of financial institutions by bailing them out with the use of public funds. The longer-term aim, sometimes stated, is towards a reformed capitalism — a kind of status quo ante with financial regulation. There is some affinity between this group and the proponents of the so-called 'third way', so questions over whether it departs from neoliberal ideas at all are never far away. One very clear example of a government adopting this position is the British Labour Government.

Another main group of interlocutors may be termed left Keynesian or post-Keynesian. This group sees the so-called 'new Keynesian' approach as far from adequate to the task of meeting the economic crisis, let alone transforming the economy. Specifically, the criticism made of new Keynesians is the same as what was made of the 'bastard' Keynesians of the 1960s and '70s: an approach centred on temporary stimulus and countercyclical government expenditure. Seeing the mid-twentieth-century revolution begun by Keynes as unconsummated, the group often refers to itself as post-Keynesian because it is looking to go beyond — intellectually, politically, and economically — the point at which Keynes' revolution was stalled. Among the first post-Keynesians were Michal Kalecki and Joan Robinson, and contemporary examples include Paul Davidson, Geoff Harcourt, and Malcolm Sawyer. Post-Keynesians argue — in opposition to neoclassical economists — that a capitalist economy is inherently unstable. Historically, after capitalism was saved from its death throes in the 1930s and '40s, Keynesian insights were gradually robbed of their radical implications; in the 1950s and '60s, Keynesian technique came more and more to be tacked on to a neoclassical framework. This is one of the main reasons, post-Keynesians argue, that what was somewhat falsely taken to be a Keynesian structure

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in the 1970s began to fall apart. They point out that in many ways we have come full circle: the world is yet again at a point at which reforms need to be made to social and economic institutions and to the fundamentals of capitalism, urging that the opportunity should not be missed a second time.

A third group is distinctly Marxian. The message it brings to the current debate is that the world is witnessing something systemic about capitalism. It is the system of capitalism itself that has generated the magnitude of the corporate salaries and bonus payments, the arranging and re-arranging of financial assets into newer and riskier forms in order to make profits, and the creation of inequality on an even wider scale. The term ‘financial crisis’ is a misnomer, the more orthodox of the Marxists are saying; what the world is witnessing is a more broadly based political economic phenomenon that should and could have been predicted well before the world witnessed the failure of financial institutions over the past two years (Panitch 2009). To take as a point of illustration the pattern of inequality in the United States, the country in which the crisis originated, Marxians can point to the enormous inequality in income generated by the wages system, and to the extremely weak state of labour unions. The analysis emphasises that, since the late 1970s, astonishingly, the real wage of average American workers has not increased. Further, not only have they not extracted a reasonable share of national income for the labour performed in a setting of increased productivity, American workers have had to take on an ever-increasing burden of debt to sustain a standard of living commensurate with an income that would, in a more just setting, have been paid to them as their due (Wolff 2008). One does not have to adopt a Marxist framework to recognise this reality (see, for example, Pollin 2005), but the Marxist tradition lays claim to seeing the production process as central, recognising its class implications and the shift in power relations of unfolding events.

Other left perspectives are possible. The contribution of institutionalism, a very broad political economic tradition, whose adherents might happily sit alongside the post-Keynesians and the Marxians, is also important. The lineage includes Thorstein Veblen, Karl Polanyi, John Kenneth Galbraith, and countless others, emphasising that, far from being spontaneous, markets are shaped by institutions, including the institutions of the state. A contemporary institutionalist, James Galbraith, has stressed the fact that, while the
Right endlessly talks of the virtues of the free market, its policies are very much about securing government assistance to the wealthy and the well-to-do (Galbraith 2008; see also Baker 2006). The choice, then, is not between government regulation and no government regulation (since not even neoliberals appear to believe in the latter); the choice is between covert institutional arrangements that benefit the advantaged (such as government assistance with superannuation, private health and education subsidies) while the poor are left to fend for themselves, on the one hand, and transparent arrangements that explicitly address inequality.

Much political discussion of the economic downturn in the Anglo economies appears to be caught up in what has been termed here ‘new’ or ‘bastard’ Keynesian thinking. In the UK especially, the Labour Government, having celebrated for more than a decade the virtues of unfettered markets, does not seem able to detach itself from a neoliberal outlook, and so its interventions are timid and piecemeal, and designed to make the default position firmly capitalist, its failure to take institutions such as the Royal Bank of Scotland into public ownership being but one classic illustration.

The Ideological Landscape
Before coming to a consideration of where the political economic debate might be headed, and what form a reasonably unified left position might take, there is the matter of the underlying ideological landscape to consider. One of the most straightforward observations that can be made is that if it has taken the events of the past two years to give rise to reservations about neoliberalism, there is a lot more reckoning to be had before the record of neoliberalism is made apparent. Despite the attempts of academic writers to document the relatively poor performance of economies adopting a neoliberal stance (e.g. Glyn 2006; Michie and Grieve Smith 1997; Boreham, Dow & Leet 1999; Howell 2005), wider questioning of the ideology has been muted to say the least. In other words, if programs are to be judged strictly on merit, those of neoliberalism are made apparent.

It might reasonably be said that if we look to radical traditions, such as Marxism, the analytical tools already exist to name the prevailing situation. David Harvey (2005), for instance, argues that neoliberalism is best understood as a sustained attack waged in class terms. There is something very clear and straightforward about that insight but, at the same time, many others (who are less convinced) and who, nevertheless, recognise something is horribly wrong with the world, hanker after an explanation that supplements the one offered by Marxists. For those who consider themselves part of the radical tradition, yet do not fully subscribe to the tenets of Marxism (because, for instance, they see it as overly determinist), there is a need to explain how the powerful reasserted themselves in the past thirty years. To put it another way, the drawback of Marxist theory, at least in its more orthodox expressions, is that it goes perilously close to having too little politics — at least if politics is conceptualised as human beings exercising independent agency (from the economic realm). It may be one reason that so many erstwhile Marxists have converted to neoliberalism, a paradigm that attempts to repudiate politics entirely.

On an even more fundamental level, a strong case can be made that the political class, generally speaking, holds the people in contempt, and that the world is witnessing that contempt on a grand scale. The spending of trillions of public dollars on corporate bailouts that have no reciprocity attached is a visible demonstration of such contempt. A less visible, but no less important, sign of this contempt has been part of political life for several years. Governments have become more and more imbued with the values of corporate culture, regarding themselves as political masters rather than servants or representatives (Wolin 2008). More disturbing still, they are encouraged to think of themselves in this way by many within the commentariat. In the winter of 2008, for instance, as the Government of New South Wales sank to new levels of unpopularity, Paul Kelly of the Australian announced that the unpopularity of the Government was not primarily attributable to its palpable mediocrity, its general depravity, or its winding back of public amenity in the form of health or transport, or even to the criminal actions of some former members. In the aftermath of the Government’s back-down over electricity privatisation, the unpopularity of the Government, the public was told, was owing to its reluctance to show us who was running the state. The logic of Kelly’s claim, which followed the NSW ALP Conference decision to oppose electricity privatisation by a margin of 7 to 1 (and public opinion polling showing overwhelming opposition), is that democratic decision-making is to be condemned. The logic of wider media commentary on similar issues is that democracy is at least to be suspended from time to time. Governments are to act as managers, as corporations.

The assertion of a (very particular) economic view over the political is perhaps the most fundamental among the strategies of neoliberals, thereby denying political control over economic affairs. Briefly imagine a fundamentally different situation: one in which politics is conceived as prior to economic activity. In other words,
citizens are to deliberate on which priorities they see as higher order, lower order — and which of society's activities (including which of its economic activities) are to be avoided all together. In this conceptualisation, economics informs political decision-making of more (and less) desirable methods of achieving what the citizenry has set as a goal, but it does not determine the goals.

Ideas of this kind have been marginalised by the dominance of neoliberalism. Indeed, the domination of market fundamentalism has been so extensive that the public has come to hate what it takes to be politics (Hay 2007). The modern manifestation of political disengagement is a consequence of long-standing neoliberal activity in subjugating politics to an economic view of the world. The constant refrain that government is the problem invites the logical response from the populace: why should we remain politically engaged? In such a setting, neoliberalism wins twice: it halts any collective action on behalf of the many; and it reinforces society's hostility to the political process.

Happily, every now and then something happens to break the cycle. The 2008 US presidential election of Barack Obama from a voter turnout not seen since 1964 is one important indicator of the American public's disposition for change — an outlook that was forming from about the time of Hurricane Katrina. The Australian situation also shows a level of political re-engagement after a period of disengagement (Battin 2008).

Whether contemporary governments are capable of recognising these signs is not as clear. Indeed, in the instance of the ALP coming to office, there is a strong case that can be made that it deliberately pulled down the public's expectations in general, and more particularly scuttled expectations over the removal of the WorkChoices legislation. Far from reading the Labor victory as primarily the result of a community-based campaign against highly unpopular legislation (Spies-Butcher & Wilson 2008; Muir 2008), ALP officials appear to hold the view that the change of government owes itself to their managed, top-down campaign and the cult of (party) leadership. The arrogance manifests itself again in the ALP's retention of the main features of WorkChoices in the Fair Work Act 2009.

In addition, the Labor Government, since coming to office, has disappointed some and enraged others by failing to confront the problem of climate change. The reluctance to consider a carbon tax (Denniss 2009), or to determine the means by which carbon reduction can occur, or to introduce significant measures to change Australia's energy production, serves as an indication of how little distance Labor is willing to go in attempting a transformation of the political economy. Even on the less critical matter of general government expenditure, Labor's first budget in 2008 was underwhelming in terms of any programmatic shift. As tens of billions of dollars continue to be wasted on taxation expenditures such as superannuation and negative gearing, Australia's public hospitals and universities remain absolutely threadbare. As the full ramifications of the political economic collapse are coming about, Labor politicians can still be heard to say that 'terms like "right" and "left" don't mean much any more'.

Conclusion: An Economic and Political Crisis
Among many political parties of the notional Left, it is an understatement to say there has been a loss of self-confidence. But in many ways the economic crisis has made more visible the political crisis that contemporary society is confronted with. Unless and until the political class can be made to see that neoliberalism is itself an anti-democratic paradigm, not much progress seems likely. This is not to say that getting governments to abandon particular neoliberal excursions is particularly difficult — Canadian and Icelandic politics having offered examples of hope — but it is to suggest that discarding the ideas on which market fundamentalism relies is likely to take considerable time and much more effort.

It is for this reason that the focus here has not been on what mixture of economic policies and programs would be most appropriate for the times and for moving to a more democratic future, though some of these — such as full employment, a fairer distribution of income (and wealth), and the availability of much greater public amenity — have either been mentioned or are implicit. A consideration of what blend of post-Keynesian, Marxist and institutionalist insights could be made compatible with one another, and responsive to the economic crisis, is a project for future research. The main point has been that, alongside the slowly emerging economic critique, there is a lot more to be said towards a fundamental political critique of neoliberalism, its dominance having been so pervasive for so long.

Even if it is shown conclusively that perfectly plausible alternatives to neoliberalism exist, the distinct impression is that neoliberal ideas are so entrenched that any fight would have to be fought on many fronts: developing the policy alternatives, exposing the inconsistencies and contradictions within neoliberalism, juxtaposing neoliberalism against democracy, demanding accountability from political parties claiming to be democratic, and engaging the citizenry by demonstrating, as Sheldon Wolin (2008) declares, that what is at stake is an eradication of the commons or its revival.
References

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unnatural silence

kept in again
the whisper goes around
telekinesis –
see if we can make
the blackboard duster
fall to the floor
unnatural silence
for thirty minutes
while thirty minds focus
why can’t you be as silent as this always?
says Mr O’Brien
I’ll expect better behaviour in future
pack up now

next room Pop Waters
has kept behind the other year ten
he thunders about reasonableness
responsibility and respect
thumps the blackboard
at each R word
we sit waiting to be dismissed
telekinesis forgotten
until at a final thump
the duster falls

Ron Heard
Highgate Hill
QLD
Bushcare

1. Bulli
Rabbit burrows pock
the caravan park.

No littering slash
cars slash
horses slash
docked-tail dogs slash,
rocking caravans slash,
swimming-overarm-with-one-arm slash
skate boarding on waves slash,
shark riding
whales after dark.

PINDONE
BIODEGRADABLE BAIT
HAS BEEN LAIRED TO CONTROL
RABBITS
PROTECTING THE ENVIRONMENT

Black brown, grey and albino bunnies –
even peanut butter and white bread bunnies–
burrow unabated.

2. Woonona
A putty-faced man
and his playdough dog
offer half-shares in pots
of gold, rainbowed in the Tasman.

3. Collins Creek
Wind-battered endangered species
dig their roots in.
A black and white plasticine bird
dabbed with lemon
hops on wattle.

4. Sydney
Helicopters, 747s, transport planes,
bulletproof Cadillacs, and ten other vehicles
fly into Sydney.
George Bush needs six-hundred-and seventy-odd
groomers, flapjackers,
wranglers and cowboy-boot polishers
to help him avoid talking
greenhouse emissions.

Julie Chevalier
Annandale
NSW

The Retired President

And
The distinguished guest
Spoke of
How
Things should be
And
How
Things would be
While
The audience
Neeing to hear
Something uplifting
Suspecting
Even at that moment
That
They
Would wake up
Tomorrow
To find
The world
Their world
Pretty much the same
But
Still spinning with hope

For change.

Will Fraser
Blackheath
NSW
‘Unions have no future if they do not become truly global institutions’

HOWARD GUILLE

The global labour movement is presented with new challenges as global capitalism continues to reform in the face of the crisis of neoliberal globalisation. To date this movement has been limited by a range of factors including sectional interests and over-reliance on procedural rights for labour protections. A new approach to protecting global labour from the market is needed, that transcends the current trend to apply social democratic/liberal approaches on an international scale, is inclusive of all those who undertake labour around the world, and propagates international standards that apply to all. Organised unions remain the main organisational base in the global labour movement and thus have a crucial role in this new approach.

‘Wall Street built a wooden house, stuffed it with flammable material, set it on fire, and then poured gasoline on the blaze’ (Gross 2009). This is Slate Magazine attributing blame for the financial crisis. But, despite their best efforts, financiers are not the gravediggers of capitalism. Neoliberal globalisation might be collapsing but at the cost of immense pain and hardship for workers, producers and communities across the world. Moreover, since crises are the chance to get rid of superfluous assets and ideas, there is little wonder that some voices at World Economic Forum (WEF) in early 2009 welcomed the opportunity to create a ‘better globalisation’ (WEF 2009). My concern is whether reformed global capitalism will be more gentle towards labour and my overall question is what labour organisations should be trying to do about globalisation.

The question bears careful thought because labour unions in the developed economies of the North have been unable to alter the trajectory of neoliberal globalisation and have been further weakened by it even during the boom of the 2000s. There has been a shift in the shares of global income from labour to capital, rising inequality and a complex relocation and reorganisation of the production of goods and services. The global labour force has effectively doubled and a casual, informal and contingent ‘flexible’ work-force created.

The organisation of the article is straightforward. I begin with a sketch of the global position of ‘labour’ using this term in an expansive way to include all who are involved in the production of goods and services. The key to improving the lot of workers is to keep ‘labour out of the market’ and I examine some prospects in the final sections. I write as a committed unionist but with sufficient realism to accept that unions have too often favoured sectional and national interests. I also accept that some unions in the North, including in Australia and the United States, regard international action primarily as a means of protecting their members in the North. They are also over-reliant on international approaches, including the International Labour Organisation and what can be termed labour diplomacy or even labour ‘tourism’. This leaves me pessimistic about whether existing labour organisation and thinking is equipped to build a new solidarity that can regain the political and industrial initiative from globalised capital. Against this, unions are the largest and probably best resourced progressive force in the world with around 175 million members and a presence in all parts of the globe. Accordingly, I will conclude with a short list of practical measures through which Australians could contribute to building labour solidarity in the immediate Asia-Pacific.

Wither Labour in Globalisation

The key feature of globalisation is that the labour force available to capital has been doubled with the entry of China, India and the former Soviet regimes into the world economy (Freeman 2004). The locus of manufacturing as a whole has moved from the North to the South although northern economies, especially US, Japan and EU, continue to dominate high technology manufacturing. Even so, the sheer size of Chinese manufacturing, the use of global supply chains with multiple sources for components and the expansion of cross border service have ratcheted competition
upwards in all sectors. Competition is most intense in labour intensive areas such as clothing and footwear where the location of production is linked to labour costs and there is a ‘race to the bottom’ between developing countries. Finance and currency trading intensify competition between producers by altering prices and costs via exchange rates, interest rates and risk premiums.

Multilateral arrangements of the World Trade Organisation (WTO) and bi-lateral free trade agreements are very important in setting the framework of competition. With the end of the Multi-Fibre Agreement, for example, China gained in ‘low end’ clothing at the direct expense of Bangladesh, Indonesia, Sri Lanka, Philippines, Mauritius and Nepal among other places (Ethical Trading Initiative 2004). Estimated job losses, from the end of the MFA alone, include ‘one million in Bangladesh, a further million in Indonesia, and 300,000 of the total 350,000 jobs in the garment industry in Sri Lanka’ (Ethical Trading Initiative 2004, 9). Another example is the integrated textiles and clothing plant built by Ramatex in Namibia to supply the US under the provisions of the Africa Growth and Opportunity Act. Ramatex is Malaysian owned and managed and one of the remarkable features is that it used migrant labour from Bangladesh, Philippines and China as well as Namibians. Ramatex closed an operation in South Africa to move to Namibia; in turn, the Namibian plant was closed in 2008 and production relocated to Cambodia, China and Vietnam (Jauch 2008, Labour Resource and Research Institute 2005, Bergene 2007).

The overall effect is that labour has been confined within national boundaries while capital has created itself a global framework: ‘trade can be viewed as effectively shipping from one country to another the services of the workers engaged in the production of traded goods’ (Slaughter and Swagel 1997, 6). Some workers in some places have benefited. The number of people below the World Bank poverty line of two international dollars per day fell in China and India. Workers earnings in export manufacturing within the global commodity chains are higher than those for domestic production and agriculture. However, capital has done much better with a major shift in income share from labour to capital. ‘The global labour arbitrage has put unrelenting pressure on employment and real wages in the high-cost developed world — resulting in a compression of the labour income share down to a record low of 53.7% of industrial world national income in mid-2006’ (Roach 2007). There has been an eight percentage point reduction in the labour share of national income in China (Chong-En Bai et al in Subramanian 2008). The changes are dramatic; in Australia for example, the shift in income shares over the 2000s has benefited capital by $Aus 40 billion per year which is almost the same as the Government’s 2009 stimulus package.

Is Labour Still Not a Commodity?
The maxim of the International Labour Organisation is that ‘labour is not a commodity’ (ILO 1944, 1998); in other words that the condition of labour and the conditions of work are above the raw and maw of the market. This challenges the neoclassical idea that wages should be set by marginal productivity and the classical idea that wages would gyrate around subsistence levels. In the twentieth century political and industrial struggle of workers and their allies established that the state through a range of institutions should take labour out of competition. The method varies between countries but includes minimum wages, conditions and entitlements, obligations on employers to recognise unions as representatives of workers and support for permanent instead of casual and contingent employment. The combination of arbitration and trade protection adopted in Australasia at the turn of the nineteenth and twentieth centuries were one of the first examples of this – especially the Harvester ‘living wage’ and its link to the tariff. The most developed examples were the full employment and welfare state arrangements of most of Western Europe from the 1940s to 1970s.

Neoliberalism meant the recrudescence of the market in labour economics – demonstrated by the abolition of minimum wages by the Thatcher-led Conservatives in the UK, the abolition of awards by the National Party in New Zealand and the shift to individual contracts under the Howard Coalition in Australia. More generally, the pressure for ‘flexibility’ in labour relations is a shift back to the market. Of course, the ‘reserve army of labour’, to use a Marxist term, makes the discipline of the market even more intense. The doubling of the labour force globally available to capital combined with free trade and unrestricted movement of investment has the same effect.

The arrangements that kept labour out of the market operated nationally. These have been eroded if not sundered as national governments of the left and right have been zealous in trimming their policies and political objectives to global capital and market economics – the key task is to ‘make the economy competitive’ (Panitch 2004). Yet, the main response of unions to globalisation has been to support efforts to replicate the social democratic/liberal social contract on an international basis. The efforts have had three overlapping strands linked to labour rights as human rights. One has been to campaign for states to respect
labour rights including by seeking relevant clauses in trade treaties. The second has been the demand for a ‘social clause’ that would require all goods and services entering the world trading system to have been produced in compliance with core labour standards. The third strand has been to support the ILO in its ‘Decent Work Campaign’ which has been the centrepiece of the ILO strategy over the last eight years and is also supported by the World Commission on the Social Dimension of Globalization (Halonen and Mkapa 2004) and the recent Declaration on Social Justice for a Fair Globalization of 2008 (ILO 2008).

The Emphasis on Procedural Rights
The ILO is a crucial world institution central to the definition and advocacy of labour rights and no one can seriously argue against expressing labour rights as part of human rights. Even so, the human rights approach has serious impediments. Two of these are well known – first that national governments/states are the agent for implementing the core labour standards within their own jurisdiction. Second that the ILO has no enforcement powers over states, let alone corporations. In addition, the battle for the social clause was lost in 1996 when, in the Singapore communique, the WTO recognised the importance of labour rights but said it was an issue for the ILO (WTO 1996, para 4).

Perhaps the most serious weakness is that the labour standards are procedural rather than substantive. The test of the standards is whether there is a framework for freedom of association and collective bargaining; there is no examination of the outcomes from the framework. Hence, it is easy to condemn export processing zones where unions are excluded but much more difficult to respond to systematic biases of the legal system. Arguably, the United States is the critical case for this. It demands labour rights in trade agreements but the practice of US industrial relations is hardly worker and union friendly with the ability of employers to avoid union recognition one of the acknowledged reasons for low union density (see eg Baldwin 2003, Hilgert 2009).

The emphasis on labour rights is a liberal approach that gives workers and unions rights within capitalist markets but at the expense of the legitimacy to contest the system. Standing, a former senior ILO officer, makes the point very sharply:

Banning ‘the worst forms of child labour’, banning ‘forced labour’, campaigning against gender discrimination and defending freedom of association are matters of common and civil law. They do not constitute a strategy or a progressive agenda (Standing 2008, 367).

Procedural rights do not address material inequality, the shift of income from labour to capital or control of the economy and production. National states and national union movements are easily subordinated by global capital and global markets. Despite the emphasis on human rights, as Standing says, ‘labour has become a global commodity’ (2008, 382. Emphasis added).

Setting Global Labour Rules
The short and long-term objective should be to establish a set of world trade and investment rules that emphasise social equality and environmental sustainability. This must establish criteria that can be used to determine whether equality and sustainability are being met in particular cases. Possible tests could be whether workers are being paid a fair wage and have reasonable working hours and leave; whether occupational, public health and environmental standards are satisfactory; whether, in the case of smallholder production, they are fair prices are received; whether Indigenous land and other rights are being respected; and in the case of ‘enclaves’ such as mining, forestry, plantations and fishing whether an adequate share of revenue and royalties is being returned.

There is little conceptually difficult about this. It is a misnomer to believe that ‘free trade’ or ‘flexible labour markets’ are free of regulation. The current ‘free trade’ rules are long, detailed and verge on the arcane as even a cursory reading of a trade agreement or a WTO dispute will reveal. Likewise, efforts to ‘free-up’ the labour market have required complex legislation as the late and unlamented WorkChoices demonstrates. Criteria for fair trade based on equality and sustainability can be enshrined in global agreements in the same way as current WTO rules and can be enforced by the same or similar disputes procedure.

The difficulty is achieving sufficient industrial and political mobilisation to establish such a global regime. The impediments are almost self-evident — unions in the US and Japan and UK are in industrial and political decline and at best maintaining their position in the EU (other than UK) and in Canada. Unions are stronger in Brazil, South Africa and India and South Korea; however, there are only limited signs of independent unions in China although more hopeful signs in Vietnam. The current global organisation, the International Trade Unions Confederation (ICTU), replaced the ICFTU in 2006 and marked the ‘official’ end of Cold War divisions between the US and USSR aligned federations. It is however a federation of national unions and heavily orientated to working at the ILO, through the Trade-Union Advisory Committee to the OECD and via national governments.
Whose Solidarity?
Solidarity is a familiar word in the union lexicon but is imprecise about who is to be solid with whom and what are to be the common demands. Two points are relevant. One is that unions represent and organise only a very small fraction of those who undertake labour across the world. This is only partly a matter of membership density and much more to do with the rise of so-called 'atypical work'. This covers the 'informal sector', casual and contingent employment, and various forms of contracting and self-employment. It also includes those involved in subsistence and own-account production. In Papua New Guinea only 300,000 of 2 million people classed as in the workforce are in formal employment contracts. In Australia, almost 30% of those deemed to be employed are in casual and contingent arrangements. As Gallin states 'a-typical' workers of the world ... are the typical ones' (Gallin 2001, 532-3).

The second point is that new thinking is needed about what common standards are sought. In my view, solidarity fails unless we are asking the same for everyone. The United Nations Department of Economic and Social Affairs in its approach to the 'Employment Imperative' argues for a concentration on 'socio-economic security' as part of the quest of a 'society for all' (UN DESA 2007, 3-4).

Universalism means that all people in society must have the same minimal standard set of rights regardless of their age, sex, work status, marital or family status, race, religion or migrant status. A universal right to feel secure is among the most fundamental objectives in this regard (United Nations Department of Economic and Social Affairs 2007, 155)

Taking 'society' in the above quote as 'global' shows the gap between Gompers’ ‘trade unionism, pure and simple’ which is limited to members and what Waterman presents as the ‘global labour charter’ (Waterman 2008). Waterman argues for a ‘movement’ akin to what he says is ‘new energy and vision within the global justice and solidarity movement’ (2008, 1) and the Women’s Global Charter for Humanity. Much of his approach is in the statement:

By abandoning what is an increasingly imaginary power, centrality or privilege, unions could simultaneously reinvent themselves and become a necessary and significant part of a movement for social emancipation worldwide. The form or forms of such a reinvention will emerge precisely out of a continuing dialogue, the dialectic between organisational and networking activities.

Waterman’s crucial terms are networking, emancipation and dialogue (which is learning and sharing rather than debating and winning). He sketches a number of possible global labour campaigns aimed at things such as ‘A Six-Hour Day, A Five-Day Week, A 48-Week Year’; ‘A Global Campaign for Useful Work’ and a campaign for the defence and extension of forms of common ownership and control called ‘All in Common’ (Waterman 2006, 2008).

However, we are so far behind and need to start close to home. We can draw on the logic of the Australian ‘Your Rights at Work’ campaign to propagate the need for world-wide standards. This could be linked an objective of inserting ‘security for all’ in the governing principles of the WTO, IMF and World Bank. There is good historical precedence from the 1940s when the Chifley Labor Government led international advocacy for a ‘full employment’ objective in the IMF and World Bank charters. Australian unions need to improve their capacities in the Asia-Pacific with a view to eventual union amalgamations across Australia, New Zealand, Indonesia and the Pacific Islands. The most immediate efforts should be engaging in dialogue with unions and progressive groups in Indonesia and the Pacific Island on a small number of industrial, environmental and social campaigns. Possibilities are the use of tropical forests as carbon sinks; establishing a meaningful Pacific minimum wage; protecting public water; and maintaining diversity of land ownership and use, especially customary ownership. The Pacific Seasonal Worker Scheme is also a very sensible place to start in cooperation with Island unions and community organisations; some of the issues are discussed by the Federation of Ethnic Community Councils of Australia (FECCA 2008).

The questions raised here are real and complex. A global labour campaign must be based on all forms of work and must include all those who are working. Unions will be a large part of this - if for no other reason than they are large and well-resourced, at least in comparison to other social movements and groups. However, the campaigns must be beyond national boundaries and beyond the immediate material interests of those people who form the union membership. Indeed, and it possibly verges on heresy, union members are privileged – because, by and large, they have ‘permanent’ work in a formal contract and are protected by some rules.
References


Author
Howard Guille was Queensland Secretary of the National Tertiary Education Industry Union from its formation in 1993 to retirement in 2006. He has also worked for the Trades & Labour Council of Queensland and subsequently was an Executive Member of the TLC. He has undertaken national wage cases on behalf of the Trade Union Congress of Papua New Guinea and worked on policy with unions in the Pacific Islands, among other union activities. Contact is hguille@bigpond.net.au.
Capitalism is responsible for an enormous level of death, suffering and wasted human potential, including everything from impoverishment of Third World peoples to boredom in factory jobs. There is certainly good cause to take action.

Of course, capitalism has positive sides, too, notably the capacity to harness human energy and ingenuity to improve material standards of living. It is important to recognise capitalism’s strengths. To talk of challenging capitalism means seeking something even better and not assuming that it is the only or inevitable way to organise people’s lives.

The question is, how should capitalism be challenged? Armed struggle has been tried, but there is not a single instance in which an advanced capitalist economy has been overthrown by armed force to create a better system. In some poor countries, liberation through armed struggle has brought benefits (and costs: this is a highly contentious topic), but there is no equivalent record in challenging developed capitalist states. Soviet conquests destroyed capitalism in Eastern Europe but the resulting state socialist societies were not an attractive alternative and eventually collapsed, with nonviolent action playing a major role (Randle 1991).

Nor has electoral politics had much success in challenging capitalism. Socialist parties have been elected to office but have adapted to capitalism rather than leading the way to a complete alternative (Boggs 1986).

Both armed struggle and electoral politics rely ultimately on force. Their aim is to capture state power and use it — including the power of the state to coerce — to transform the economy and society.

An alternative road is nonviolence. Today, large numbers of people work in various ways toward noncapitalist futures, including running cooperatives, opposing harmful trade agreements, fostering local self-reliance and questioning consumerism. These initiatives are almost entirely nonviolent, often for pragmatic reasons. If movements in these and other areas can learn from each other and from collected wisdom about nonviolent struggle, then there is some hope of building alternatives to capitalism, or at least slowing its expansion into more facets of life.

A nonviolent movement against capitalism has to be participatory and not depend on a few commanders. Leaders must be able to be replaced should they be arrested, killed, discredited or coopted, as routinely happens in nonviolent campaigns. It would be a mistake to set up a central committee for anticapitalist struggle. That is characteristic of the unsuccessful military model.

A movement against capitalism is likely to be a long-term enterprise, requiring longer than the lifetime of most participants. This is an especially difficult challenge, since most activists are motivated by issues that seem immediately urgent, such as a war, an election, a proposed law or development, or an outrageous event. Highly visible mass movements gain momentum through bringing together large numbers of protesters, usually aided by media coverage. Mass campaigns are valuable, but so are quiet and patient efforts to build alternatives and change ways of thinking, involving discussions, personal behaviours, small meetings and local initiatives.

If a movement is long-term and can’t rely on continued high visibility, then it had better be satisfying for participants. In short, the struggle should be rewarding — indeed, fun! Consumerism appeals to people’s immediate wants. To challenge it, something is needed that is just as appealing in its own way, though more deeply satisfying.

* This article is adapted from material in the book Nonviolence Versus Capitalism (Martin 2001).
Alternatives to capitalism and strategies to achieve them are obviously huge topics. Here I touch on key themes developed in more detail elsewhere (Martin 1991), looking at the nature of capitalism, how nonviolence theory can be applied to it, alternatives to capitalism, and three areas for challenging capitalism: creating alternatives, challenging the violent foundation of capitalism, and promoting different belief systems.

The Nature of Capitalism
At the core of capitalism is private ownership of the means of production, including land, factories and knowledge. This is backed up, ultimately, by the coercive power of the state. Generally speaking, the system of ownership encourages individuals and groups to put special interests above general interests. The problems with capitalism are familiar. Social inequality is fostered within and between societies: the tendency is for the rich become richer and the poor become poorer. Work is unsatisfying, often dangerous, and workers are alienated from the product of their labour. On the other hand, people who cannot obtain work suffer poverty and boredom.

Consumers buy goods as substitute gratifications in place of satisfying work and community life. Selfishness is encouraged and cooperation discouraged. The profit motive encourages production and promotion of products with consequences harmful to human health and the environment, such as cigarettes, pesticides and greenhouse gases.

Capitalism meshes with other systems of power, including patriarchy, racism and militarism. Men use positions of economic power to maintain male domination. Dominant ethnic groups use economic power to maintain their domination. Military and police systems, needed to protect the system of private property, are also used for war and repression.

Capitalism also has strengths. It is important to recognise and acknowledge these. Portraying capitalism as the ultimate evil is not a sound basis for developing strategy.

Capitalist systems have repeatedly demonstrated the capacity to promote great increases in economic output, harnessing individual and social drives for improved living standards. Although capitalism is compatible with dictatorship — as in Nazi Germany and today’s China — it also thrives in liberal societies in which certain civil liberties are maintained, at least for most people most of the time. Although many harmful and wasteful products are produced, capitalist markets are responsive enough to produce and distribute many largely beneficial products, such as vegetables, bricks, beds and recorded music.

The term ‘capitalism’ can give the impression that capitalism is a yes-or-no proposition: either you have it or you don’t, so the only alternative to acceptance of capitalist hegemony is total eradication through revolution (Gibson-Graham, 1996). In this way of thinking, reform is pointless. Actually, though, not all capitalisms are equally bad. Reforms do make a difference to people’s lives.

The word ‘capitalism’ is convenient for describing a system of social relations, but we need to be careful not to think of capitalism as something alien, outside of human relations. ‘Capitalism’ is a label. The reality is people interacting in various ways on a daily basis. Changing the ways that people interact changes reality: what exists within the label ‘capitalism’ can vary quite a lot. The challenge for activists is to change the daily reality in a beneficial way.

Nonviolence Theory
Gene Sharp, in his classic book The Politics of Nonviolent Action (1973), presents the consent theory of power, in which power is not a monolithic entity held by oppressors, but, rather, a relation between individuals and groups in which subjects, through consent or acquiescence, give power to rulers. Nonviolent action is a withdrawal of this consent. Noncooperation, for example a refusal to obey, disrupts the power relationship.

The consent theory of power is easiest to apply when oppressors are obvious and distinct, such as dictators, police and occupying troops, but doesn’t work nearly so well in addressing systems of oppression where there are no obvious rulers or agents of repression. Capitalism is such a system: nearly everyone is implicated in the market, simply by buying and selling goods and services. If markets based on ownership of property are exploitative, then nearly everyone benefits at different points, though some benefit far more than others.

A key element in capitalism is the way people’s labour power is turned into a commodity. Employees sell their labour power to employers in exchange for money. Yet, in everyday life, many people are employers in a small way, for example when they pay someone to take care of their children, transport their belongings or handle their legal affairs. Lots of people are in a contradictory situation, being both employees and employers in different contexts.
The complexities continue within workplaces, most of which are organised bureaucratically, namely with hierarchy and a division of labour. Workers in mid-ranges of the hierarchy are subordinate to those above but have formal authority over those below. Such workers are both rulers and ruled.

Unlike dictatorship, capitalism is a system of distributed power, in which nearly everyone is a type of collaborator to some degree. It is far more difficult to challenge such a system by saying to people, ‘withdraw consent’. Does this mean to disobey the boss? Does it mean to refuse to buy goods from a large corporation? Does it mean not to respect private property?

If nonviolent action is to be used to tackle capitalist oppression, then it needs to be built on an informed strategy, including a careful analysis of the foundations of capitalist power, a vision of an alternative and a plan for moving from the present situation towards the alternative. It also needs to include challenges to other systems of domination, especially those in symbiosis with capitalism, including the state, the military, bureaucracy and patriarchy.

**Alternatives**

Any challenge to capitalism needs to have some alternative in mind. Some key features worth considering are:

- Cooperation, rather than competition, is the foundation for activity.
- People with the greatest needs have priority in receiving goods and services.
- Satisfying work is available to everyone who wants it.
- Everyone is involved in designing and running the system, not just authorities or experts.
- The system is based on nonviolence. A nonviolent strategy against capitalism only makes sense if the means and ends are compatible.

Each one of these features is a challenge to the capitalist way of doing things, and in every case capitalism tries to achieve a goal through a means that is contradictory to it. For example, capitalism, being founded on competition between firms and between workers, appeals to people’s worst impulses with the contradictory argument that pursuing self-interest serves the greater good.

One system with these five features is *sarvodaya*, a republic of village democracies based on self-reliance, in the Gandhian tradition (Kantowsky 1980). On the other hand, traditional socialist alternatives, including social democracy, rely on the state and thus are not based on nonviolence.

Full agreement on long-term alternatives may not be necessary for campaigning today, because people often can agree on tactics despite differing goals. If the tactics are compatible with the features above, they will help move towards a nonviolent economic future.

**Creating Alternatives**

Creating alternatives to capitalist practices is the most clear-cut approach to change. Creating alternatives obviously adheres to the requirement of incorporating the ends in the means. Possibilities include:

- Community exchange schemes, such as LETS (Local Employment and Trading System), which is a not-for-profit, cooperative information service to coordinate local exchange of goods and services.
- Local money systems, which greatly restrict the power of national governments and large corporations, especially major banks (Greco 2001). Local money helps make people aware of the social role of money, challenging the idea that it is a neutral exchange medium.
- Workers’ control of production. When workers decide for themselves how to organise work, make decisions about products and markets and otherwise take control, this gives experience in an alternative to the normal hierarchical organisational structure (Hunnius et al. 1973). It provides a direct challenge to the market in labour power and to managerial prerogative.
- Community control. When people in neighbourhoods, suburbs and towns have a direct say in how things are organised, this gives experience in alternatives to normal practice. Roads, building regulations, power systems, emergency services, schools, health care and many other aspects of community life can potentially be controlled by the people who use them.
- Free distribution. Providing goods and services directly to those who need them, free or with a voluntary charge, is a dramatic alternative to the capitalist market. Providing free food to the homeless, such as by the group Food Not Bombs, is one example. Another is free software, produced by volunteers and made available to anyone who wants to use it.

In many cases, attempts to promote or maintain alternatives come under direct attack. Often this takes place through laws that, if broken, are enforced by police and courts. Civil disobedience then has a role to play.

**Challenging the Violent Foundation of Capitalism**

Underpinning capitalism is the state and its agents, the police and military. To undermine capitalism,
potential of nonviolent action to oppose state violence needs to be directed at state support for property and other props for the capitalist system.

Examples of direct challenges to property are occupying buildings or land (Corr 1999) and civil disobedience against intellectual property. Strikes and boycotts are a direct challenge to owners and managers. Sometimes building an alternative is a direct challenge too. For example, LETS, free distribution, local money and local self-reliance are challenges to the market. Workers’ control is a major challenge to owners and managers.

Undermining Beliefs in Capitalism

It is essential to undermine beliefs that capitalist ways of doing things are desirable, superior or inevitable. People in capitalist societies live their daily lives enmeshed in a web of beliefs and small acts that constantly recreate understandings of what is possible and desirable. When people purchase a meal, see and hear advertisements, wear brand clothes, aspire to ever more material possessions or mould themselves to compete in a market for employment slots, they are involved in behaviours and beliefs that reflect and reproduce a capitalist-dominated way of life.

Capitalism is sustained largely by support and acquiescence rather than force. When large numbers of people break the law, police and military enforcement can be futile or counterproductive. The fact is that most people go along with the system, even those who oppose it. The challenge is to develop a strategy that undermines beliefs in capitalism and creates momentum to bring about an ever-expanding challenge.

This is a very difficult challenge. Capitalism has shown a remarkable capacity to coopt its critics, for example in the use of the rhetoric of ‘revolution’ in advertising. Apple Computers has used the image of Gandhi spinning khadi as an advertising angle, turning Gandhi’s opposition to western-style industrialism into a corporate pitch for an opposite direction.

Nevertheless, many people are quite disillusioned with the results of capitalist development. There are many points for ideological challenge:

- enormous inequalities in wealth and income (which conflict with ideas of fairness);
- alienating work (which conflicts with people’s awareness of satisfying activities, often pursued in nonwork time);
- environmental impacts (which conflict with widely shared values);

- increased commodification, such as ownership of genetic information (which conflicts with traditional ideas of common heritage).

The labour, environmental and feminist movements have the capacity to undermine certain beliefs about capitalism, but they may also reinforce ideas underlying capitalism. This is especially true when movements seek reform. When the labour movement seeks higher pay and better conditions, when environmentalists seek cleaner technologies and restrictions on industry and when feminists seek equal opportunity for women to be corporate managers, core beliefs in private property and the market are not challenged. Therefore, a nonviolent challenge to capitalism may need to include some campaigns that confront or undermine these core beliefs. For example, challenging the expansion of copyright and patents can draw on the obvious contradiction that they are supposed to foster the production of new ideas by restricting their reproduction.

Conclusion

A nonviolence strategy against capitalism needs to be built on nonviolent analysis, nonviolent goals and nonviolent methods. The analysis of capitalism should be from a nonviolence perspective, with special attention to the violent foundations of the system. The ultimate goal is an alternative to capitalism in which there is no organised violence. The methods used to move towards the goal are the familiar techniques of nonviolent action.

Capitalism is not the only source of suffering in the world. There are other major systems of domination, including state repression, racism and patriarchy. Nonviolent action can and has been used against these systems, probably more effectively so far than against capitalism. Nonviolence is thus a multipurpose approach to social change. It does not set aside certain problems until ‘after the revolution’ — a common approach among old-style socialists. For many activists, other problems are more pressing or useful targets than capitalism. Nonviolent anticapitalist struggle should not take automatic precedence over other struggles, but instead should be one struggle among many.

One of the greatest challenges for activists is to live in a society, fully aware of its shortcomings, while keeping alive the vision of a radical alternative, and maintaining enthusiasm for actions that may seem to move only the slightest distance towards that alternative. Reforms are more achievable than revolutionary transformation and offer concrete evidence that change is possible.
No one knows for sure how to go about replacing capitalism with a better system. There are many possible ways to proceed, and not enough assessment of what works and what doesn’t. It is almost certain to be a very long-term process. Therefore it makes sense to learn as much as possible about how best to go about it. There is a need for experimentation, innovation and evaluation. There is a lot to be done. With participatory approaches, there should be a lot of people to do it.

References

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Prescribed Burning is No Panacea for the New Extremes of Fire and Weather

GRANT WAREDell-JOHNSON

The tragedy of the Victorian fires must be a wake-up call as to how we as a society behave in relation to the increasingly common weather extremes that are being experienced under climate changes as a result of human induced global warming.

Fire has been a force of evolutionary and ecological influence in Australia for at least the last two million years. People have been coping and managing fire since they arrived in Australia. Extreme fires have been documented which have resulted in damage to people’s property and loss of life as well as damage to ecosystems, ever since European settlement of Australia. Royal Commissions and other public inquiries have followed many of these damaging fires.

The recent Victorian fires have already had a particularly profound impact on society because of the extremity of the fire behaviour, the unprecedented loss of human life and the destruction of social communities. These impacts will intensify as society recognises the broader implications of interactions between fire and climate change.

Following each of the major fires that have impacted profoundly on human life and property in Australia, there have been calls for increased levels of prescribed burning to reduce the fuel load and hence reduce the impact of extreme fires. There have also been many other recommendations.

The conditions allowing fire are the result of the interplay between fuel, weather and an ignition source. Each of these factors must be ‘switched on’ to allow fire.

By ‘switching on’ I mean the fuel (which includes biomass – live material and necromass – dead material) must be available and sufficiently dry to burn. The weather must include sufficiently high temperatures and winds to allow fire to carry. And of course there must be an ignition source. The interplay of these factors varies in space and time throughout Australia and can be very different in adjacent ecological communities.

The Victorian fires were a result of extremes in all of these factors. The forests of the area have considerable biomass, much of which - under extreme conditions - becomes available to burn. The temperatures and winds were extreme in areas of steep topography – which will also influence the way fire behaves. There were many ignition sources, some of which involved arson.

First principles demonstrate that climate change as a result of global warming will lead to increasing numbers of fires like those in Victorian in the near future (years to decades) as more frequent and more extreme weather conditions prevail, and as more people live in fire-prone landscapes.

Analysis of weather records in many parts of Australia has demonstrated that there has been a steeply rising trend in numbers of extreme events (e.g. max temperature) for many years – a trend likely to intensify. Extreme fires will not be confined to Victoria.

Changes in forest structure and ecosystems will accompany accelerating changes in climate and extreme weather. This may lead to transformed ecosystems as well as novel ecosystems. The longer term trends of fire behaviour in new ecosystems are very unclear, and depend on interactions of increased CO2 levels and the trends in the climate parameters of temperature, humidity and wind.

There is now sound knowledge of fire behaviour under a variety of weather conditions (heat and wind), under a variety of fuel conditions in a wide range of vegetation types. Landscape, land-use and environmental context are important to local fire behaviour and to fire regime.

Increasing knowledge has also accumulated about fire behaviour under extreme conditions. The results are alarming. Many of the attributes of fire behaviour change exponentially with high temperature, wind or fuel.

Prescribed burning has been used by people as a management tool in fire-prone landscapes for millennia. It is important because it is the only form of readily manageable broad-scale fuel reduction readily implemented by land management agencies. It will provide support for a safer life near forests in moderate conditions.
However, prescribed burning will not solve the problem of extreme conditions when even very young ‘fuels’ will support intense life-threatening fires. In fact prescribed burning is only one of many factors associated with ‘risk management’ in relation to fires damaging to the valued assets of life, property and ecosystems. Risk management includes avoidance (eg through planning), limitation (eg through arson reduction programs) and reduction.

There are, then, other forms of risk reduction including changes in building standards. Buildings based on timber framed roofs with open eaves, and other design flaws for a fire-prone environment will need to be changed. Perhaps fire-proof shelters will become mandatory as one of the prices of life in fire-prone landscapes.

In recent years, there also has been a rapid population increase around the edges of cites, forests and agricultural areas – the peri-urban environment. In this new world where extremes will be more common and there are more people, it is important to recognise the limitations and constraints associated with prescribed burning. Global warming will increase rather than decrease these constraints.

There will be limits to the amount of prescribed burning that can be achieved in any one season or year. And there will be many other calls on environmental and public protection. Thus, prescribed burning will not be the most important element in preventing the tragedy of the Victorian fires from being repeated many times in many parts of Australia. Rather, society’s attitudes to living with nature, and of threats and risk will become far more important.

Society’s attitudes as reflected in laws and regulations and by community’s social capital will all be shaken by interactions with climate change and the natural environment.

Peri-urban environments frequently include a mix of people of very different backgrounds, some of who may know little of fire behaviour or how one must respond to fire. There will increasingly be mechanisms put in place to encourage the building of social capital before extreme events, rather than as a result of such events.

In some circumstances compulsory membership of fire brigades and mandatory fire-drill training may be required. There are many new and challenging experiences following a tree-change. There will be a great reliance on the old-hands who know the landscape and its challenges well. But even the old hands are seeing surprises.

In short, life in future for people living in fire-prone landscapes will be much more than fire-breaks and prescribed burning. It will involve a much greater awareness by the whole of society of threats, risks and actions. Greatly increased attention will need to be payed to the broader social issues associated with climate change, fire and values. Research and education will be crucial.

Risk limitation programs, such as increases in mental health support to reduce the likelihood of arson, will also increasingly be addressed.

There is already some recognition of the folly of land release or building near low-lying coastal zones due to certain future sea level rises. So, too, must be the recognition of the imperative not to build near high fuel loads that cannot easily be reduced safely or without severe environmental consequences.

Risk avoidance strategies that can be achieved through land planning will figure more prominently. Planning schemes and land release will increasingly recognise the difficulties of managing land in built-up fire-prone landscapes.

All of these forms of risk modification will cost money. It is very unlikely that society will have the money to support increasingly expensive prescribed burning programs that can be achieved on fewer days in fewer areas and with increasing expense. Several Royal Commissions have recommended smarter or very carefully targeted prescribed burning rather than more prescribed burning.

There are large costs that society and individuals will have to bear. These costs will be competing with other costs incurred by cyclones, disease, drought, sea level rises and many others including as yet unforeseen costs associated with climate change.

It is imperative that a broader environmental consciousness emerges from the tragedy of the Victorian fires. If it does not, and simplistic solutions that were more suitable for an earlier age are advocated, many more lives will be needlessly lost. Many Royal Commissions will have been in vain, and many more will have to be prepared.

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Price Gouging in Disaster Zones: 
An Ethical Framework

JULIAN LAMONT AND CHRISTI FAVOR

At the time of writing this article, Australia has just suffered two major disasters with bushfires in Victoria and flooding in Queensland. Although Australia has always had natural disasters they typically cause much less property damage and loss of life than equivalent disasters in North America. No doubt this is due to Australia’s much lower population density. However, it is probable that natural disasters will have a greater impact on the population of Australia in coming years, due to rising population density and the predicted consequences of global warming, likely to bring more frequent and severe cyclones, bushfires, and flooding.

One of the probable consequences of higher impact natural disasters is a heightened awareness and discussion among the population of what to do about ‘price gouging’ before, during and after disasters. Price gouging occurs when sellers suddenly raise their prices in response to a sudden shortage of goods and services as a result of a disaster. Increased awareness of the prevalence of price gouging in disaster zones will typically lead to calls for more robust legislative responses to the behaviour. This has certainly been the case in North America, where price gouging has become such a topic of moral concern that the majority of US states have now passed laws either prohibiting or limiting it (Zwolinski 2008, Appendix).

In Australia, the main legal mechanisms for regulating price gouging behaviour are sections 51AB and 51AC of the 1974 Federal Trade Practices Act (Government 1974). The behaviour can be punished when it is found to be ‘unconscionable’. Unfortunately, ‘unconscionable’ is not defined in the Act and this is an impediment both to successful prosecution of ‘unconscionable conduct’ and to guiding individuals and businesses on what they are supposed to avoid. As a consequence, the Australian Senate Standing Committee on Economics has just completed a major report on ‘The need, scope and content of a definition of unconscionable conduct for the purposes of Part IVA of the Trade Practices Act 1974’ (Australian Senate 2008). There is a similar problem in the US, leading some states to eliminate ‘unconscionable’ or ‘unreasonable’ from their statutes and simply regulate a zero or a specified maximum percentage increase from pre-disaster price levels (FTC 2006, 191-193). However, the latter is an unfortunate compromise position because it does not allow for the great diversity of circumstances occurring in disaster zones. It is understandable, though, given the lack of an ethical framework to help determine when the price increases are ‘unconscionable’ or ‘unreasonable’ and, hence, to facilitate prosecutions when necessary.

The US Federal Trade Commission (FTC) in its Investigation of Gasoline Price Manipulation and Post-Katrina Gasoline Price Increase (2006,191) noted, ‘given the uncertainty about what constitutes an unconscionable, excessive, or exorbitant price, and the paucity of decisions on the issue, statutes based on any of these terms are likely to be difficult to enforce’. Both the Australian Senate Report and the FTC report provide a detailed review of the relevant court decisions and considerations (the FTC report is particularly informative about price gouging cases), so we will not review them again in the limited space available. What is important to note is that the laws typically employ ethical concepts such as ‘unreasonable’ or ‘unconscionable’. We can see that, even with respect to existing laws, determining when disaster price rises are illegal requires us ultimately to determine in what circumstances they are unethical (Zwolinski 2008,349–350). Moreover, determining when disaster price rises are unethical is essential for working out what new or revised laws we should have. Given this, plus the likelihood of increasing impacts on populated areas from disasters in Australia, it seems that a conceptual framework for understanding the ethics of price gouging would be helpful.

The framework we offer in this article draws upon the disciplines of economics and moral philosophy. Economics helps explain the mechanisms behind price rises but does not help us assess whether they are just or morally reasonable, since this requires appeal to moral concepts and principles about what is fair,
reasonable, and who is most needy or deserving. These concepts are their associated arguments are the terrain of moral philosophy. We do not expect, in the space available, to give definitive solutions to all the ethical questions arising with respect to price gouging. The hope is to take the first important conceptual steps in trying to work out solutions.

Examples of Price Gouging

The following examples provide an indication of the sorts of behaviours that elicit public response, and a range of attitudes expressed about price gouging behaviour following disasters.

The Office of Fair Trading says it is investigating two complaints of traders taking advantage of cyclone Larry in north Queensland, to boost prices. It says it has received 12 complaints about inflated prices for things including petrol and milk, but dismissed 10 of them.’ (ABCNews 2006).

In this case not all inflated prices were viewed as unjustifiable by the investigator.

‘There have been reports of out-of-town trades-men charging exorbitant prices to repair cyclone-damaged homes and businesses in Innisfail. In some cases, they’re said to be charging up to three times the going rate’ (Christiansen 2006). In this case also there was the suggestion that the price hikes may not have been immoral.

The Queensland numbers contrast dramatically with Florida where hurricanes regularly affect millions of residents rather than thousands: ‘Florida is approaching the dubious milestone of 10,000 price-gouging complaints after the state’s hurricane three-peat as residents continue to grumble over gas prices, hotel room rates and plywood costs’ (Rushing 2004).

In 1996, Hurricane Fran struck North Carolina, leaving over a million people in the Raleigh-Durham area without power. Without any way of refrigerating food, infant formula, or insulin, and without any idea of when power would be restored, people were desperate for ice, but existing supplies quickly sold out. Four young men from Goldsboro, which was not significantly affected by the storm, rented refrigerated trucks, bought 500 bags of ice for US$1.70 per bag, and drove to Raleigh. The price they charged for the ice was US$12 per bag—more than seven times what they paid for it’ (Zwolinski 2008, 347). They were arrested for price gouging.1

Unfortunately, in addition to natural disasters, the same disaster circumstances can also arise through terrorist attacks. ‘A Days Inn on Long Island was fined on December 26, 2001 for having engaged in ‘price gouging’ following the September 11 terrorist attacks. With the nation’s airports closed, stranded passengers created a sudden and unexpected rise in demand for lodging. Under these circumstances, the Hicksville hotel raised its room rates by 185 percent—an ‘unconscionable’ increase, according to State Attorney General Eliot Spitzer’ (Woods Jr. 2002).

Limitations of the Analysis

It is not possible here to cover all the ethical aspects of all price gouging behaviours so we intend to limit our analysis in the following ways:

• The analysis will be confined to the pricing of necessities in a disaster zone. The analysis will be confined to price gouging occurring in developed countries.
• We do not attempt a discussion of the motivation of the people involved in raising prices. Although their motivations are relevant to our moral evaluation of price gougers, this consideration is more readily understood than the other considerations and hence, for reasons of space, the best one to omit. In general, however, self-interested and/or greedy motivations for price gouging tend to support negative judgments of moral character, while heroic and altruistic motivations tend to support positive moral judgements, such as that the suppliers who raised prices were reasonable, justified, or even praiseworthy.
• ‘Price gouging’ or ‘profiteering’ are inherently pejorative terms. Even the authorities, however, view some price rises as justified (Christiansen 2006) and some reasonable arguments have been offered in favour of price rises in various circumstances (Zwolinski 2009). For these reasons, we will sometimes employ a more neutral phrase such as ‘price inflation’.

Price Gouging: Three Ethical Questions

A ‘distributive system’ is a system for distributing goods among those who want them. For example, distributing goods in equal proportions to everybody who wants them, is one simple distributive system. Distributing goods to those who pay for them is another, and so on. One of the functions of moral philosophy is to assess which are the morally right, or most just, distributive systems for particular situations. Disaster zones present an unusual situation because suddenly there can be, as a result of a disaster, acute shortages of some goods.2 Most discussions of price gouging focus on the question of what is the most just distributive system for the consumers of goods in a disaster zone. In other words, the discussions focus on what is the most ethical way to distribute goods
in a disaster zone between ‘needy’ consumers when the goods are in extremely limited supply. But these discussions, in focusing entirely on this first question—

1. what is ethical with respect to distributing the scarce goods between consumers?—ignore two additional distinct but connected ethical questions, namely,

2. What distributive system ensures that goods flow as quickly as possible to reduce suffering in a disaster zone? and,

3. What distributive system justly recompenses sellers of goods in a disaster zone?

Identifying that there are not one but three related ethical questions facilitates the development of an explanatorily more powerful framework for understanding the ethics of price inflation in a disaster zone. We will discuss the connections between the questions a little later, but first we need to consider the first, and most commonly discussed, question.

**Question 1: Ethical Distribution between Consumers**

The degree of scarcity relative to important human needs is what distinguishes the issue of price gouging from ordinary moral assessment of distributive systems. In particular, what distinguishes distribution in disasters from other distribution situations is that it occurs in circumstances in which:

- the scarcity for some goods is acute, i.e. the basic needs of some people may not be met, and
- the time frame to do anything about the scarcity is short.

In such circumstances, some people are going to miss out on the scarcest goods (i.e. available and necessary goods and services are going to be completely distributed. They are not going to be unallocated unless they are not available for some reason). Moreover, missing out on the goods may result in some people’s basic needs not being met. The first question is, what is the right distributive mechanism for deciding how to allocate scarce, but necessary, goods among the needy in disasters?

**Three Distributive Systems**

With respect to one good—medical services—the distributive principle of triage is widely accepted: services are to be rationed according to relative need. Virtually no one believes medical services in disaster zones should be auctioned off to the highest bidders. One way of looking at the first question in the price gouging debate is whether triage (or some variant) is the appropriate distributive mechanism not just for medical services but for all scarce, necessary goods.

So let us consider triage against two stylised alternative distributive systems and their distributive results. All three distributive systems will be useful in considering each of the three ethical questions.

i. Triage: the neediest get the goods and the least needy miss out.

ii. Zero Price Rise (ZPR): no price rises are allowed so that the first people who arrive at the places where the goods are being sold get the goods and the later ones miss out.

iii. Auction: the goods are auctioned off to the highest bidders so the wealthiest get the goods and the poorer ones miss out.

It should be noted that there are innumerable variants on a spectrum between the auction and ZPR systems. The auction system is the free market ideal. In practice, however, sellers may have pragmatic reasons to put high fixed prices on a first lot of goods, instead of auctioning them, and then sell subsequent lots at progressively lower prices. Alternatively, sellers may put quotas, or have quotas imposed, on the amounts that can be purchased by any one buyer. Most of the objections to the auction system apply, in differing degrees, to the variants. We will focus on the auction system as the purest example of a market distribution system.

**i. Triage**

Turning first to the triage system, it will only result in the neediest getting the goods and the least needy missing out in proportion to the ability of the distributors to identify correctly relative needs. This is done well by trained medical professionals for ill and injured people. Trained social workers (and even experienced soldiers) may be reasonably able to distribute government supplied goods and services by triage in disaster zones. If so, then this seems the preferable system. However, for the purposes of this article, it is assumed that the government is unwilling, unable, or too slow to implement a full triage system for all needs within the required timeframe. Moreover, it is unlikely that individual vendors/businesses (who are the focus of this article ) will be able reliably to determine people’s relative and differing needs. So, it is likely that successful direct triage will be impractical for them.

**ii. Auction**

The main complications of relying on free markets for all non-medical distribution in disaster zones in affluent countries are that there are likely to be large numbers of middle class people who:

a. in absolute terms, can usually pay inflated prices for goods that they really need.

b. can also pay inflated prices for goods in excess of their needs (for instance, in the North
So the ZPR system is likely to get somewhat closer to willing to expend it in order to have their needs met. time cost, then those in greatest need are likely to be expend time is a great leveller. If there is a significant goods on such a morally arbitrary basis. Willingness to then the ZPR system may no longer distribute the countryside in search of the distributor of the goods early customers, either in terms of having to scour the means, those with the least money will not have their needs met and there will be a spectrum between, depending on the relative demand and supply for the particular goods. Furthermore, an additional reason why some of the poorer people will not have their basic needs met is likely to be because wealthier individuals will have purchased more than required to meet their own basic needs.

For the same reasons that people think triage is the morally right system for distributing medical goods and services, the auction system seems to be a morally unsatisfactory system for distributing other essential goods and services. When it comes to basic human needs, people’s relative needs rather than their ability to pay should determine the distribution.

iii. Zero Price Rise (ZPR) System
The ZPR system would result in about the same number, as in the auction system, of people missing out on the allocation of initially available goods. The difference is on what basis they will miss out. On the auction system the poor miss out because they are poor. The ZPR system, however, is a first-come first-served system, so those who come later to the distribution points miss out. Both ‘being poor’ and ‘being first to a distribution point’ seem to be morally irrelevant attributes to use as bases for the distribution of basic necessities in disasters. So, both the auction and ZPR systems seem to be significantly ethically flawed and a successful triage system seems impractical for most goods. However, there are some additional considerations which tend to favour the ZPR system over the auction system:

1. If there is a significant cost to being the early customers, either in terms of having to scour the countryside in search of the distributor of the goods and/or in terms of having to queue at distribution points, then the ZPR system may no longer distribute the goods on such a morally arbitrary basis. Willingness to expend time is a great leveller. If there is a significant time cost, then those in greatest need are likely to be willing to expend it in order to have their needs met. So the ZPR system is likely to get somewhat closer to mimicking the results of the triage system and hence distribute the goods in a way that corresponds more closely to relative need.

2. If (1) is true, then there is an additional reason for thinking the ZPR system will get closer to mimicking the results of the triage system. Remember, there are two distinct reasons why the poor miss out under the auction system—because they cannot afford the goods and because the wealthier may buy excess amounts. The time burdens associated with the ZPR system may also reduce the purchasing of excess amounts.

The results of the systems will vary along a spectrum as we move from a full auction system, through systems which allow limited price rises, to a ZPR system. We will not discuss the intermediate points here but, hopefully, the discussion above provides some guide for what will change over the spectrum.

Question 2: Ethical Distribution in ‘Dynamic’ Situations
Now to the second ethical question. So far, in considering the first question of the distribution of goods to those who need them, we have focused on what economists call the ‘static’ situation. The ‘static’ situation involves what is commonly called a ‘single time-frame’ where the only consideration is the distribution, right now, of a fixed amount of goods to those who want them. But, in some disaster situations what will happen over a more extended time-frame is relevant. So, for instance, a right, but isolated, answer to our first ethical question may adversely affect what is trying to be achieved in a ‘dynamic’ (extended time-frame) disaster situation. In particular, in the dynamic situation, the closer the initial distributive system is to the auction system, and hence the greater the initial inflation of prices, the faster more goods will flow into the disaster area. This will result in prices falling again and meeting unmet basic needs faster.

How much this is a benefit will depend upon the amount of available goods already in the disaster zone relative to demand, the particulars of the disasters, and the government responses to it. For instance, if there are enough available goods already in the disaster zone, and it is quicker to continue sourcing them from within the disaster zone, then it would be preferable to have something closer to the ZPR system because there will be little by way of dynamic benefits from inflated prices. If, however, many of the necessary goods have been destroyed, or were never there in significant numbers in the first place (this is often the case with generators, for instance), there could be enormous dynamic benefits from having greatly inflated
prices. The more inflated the prices, the greater are the incentives for people to provide the goods quickly from outside the disaster zone.

On the other hand, if price rises are outlawed then there is no financial incentive for people to direct their selling efforts to the disaster zone. For instance, if generators are selling for four times their normal price, that provides enormous incentives to get them into the disaster zone quickly; if they are selling at the same pre-disaster price, then there is no such incentive.

So, the implementation of the most just distributive system in the static case, for instance a very limited price inflation system, may lead to significant negative consequences for dynamic reasons. This is an example of why it is so important to understand, when trying to determine whether price inflation in disasters is morally permissible or unreasonable, that there are three distinct ethical questions involved, and the answers for each interact.

### Question 3: Ethical Distribution to Suppliers

The final ethical question is how much should the suppliers earn? People often forget this separate distributive justice question or conflate it with one of the other two ethical questions, which is a mistake. For instance, a just distributive system for suppliers may lead to unjust distribution among those in need of the good. For example, suppliers who risk life and limb to bring supplies into a disaster zone clearly deserve much higher prices than standard for their goods. However, selling the goods at the higher prices will mean those who have the greatest wealth rather than the greatest need will receive the goods—a morally unsatisfactory distribution for those in dire need. On the other hand, a shop keeper in the disaster zone, who takes advantage of an unforeseen disaster and sells his/her goods at greatly inflated prices, is receiving more than his/her behaviour deserves.

From a moral point of view, it's preferable if we can distinguish between those already available goods and those which must be moved in or made available, because there is likely to be a significant moral difference associated with the pricing of such goods. How practical it is to make such a distinction is an open question in legislative treatment of price inflation. Even with available goods there is likely to be some legitimate claim by suppliers for some increase in prices, if the suppliers' costs have risen in the context of the disaster.

The dynamic considerations from the previous section also affect our deliberations here. The inflated prices enjoyed by the lucky shopkeeper are not deserved but they certainly may result in the quicker influx of goods to people who need them. Hence, we can see we need to take into consideration both the ethical considerations relevant to each of the three ethical questions, plus the interactions of these considerations, in framing the best policy response.

### Conclusion

Having set out the three ethical questions and some interactions between proposed answers, there may be a limit to how much further useful philosophical analysis can go without more information about what happens inside particular disaster zones. We have outlined the ethical considerations relevant for considering each of three important questions and also some of the tradeoffs between the individual solutions. The right policy responses and what behaviour should be deemed as unconscionable or legally unreasonable depend on the size and type of these tradeoffs; such details must be taken into account in giving a more precise ethical judgment in a specific disaster. Hence, there is unlikely to be one policy system that is right for all disaster situations. What we have tried to do here is construct a general framework that sets out the primary ethical and economic considerations one would need in order to develop more specific policy proposals and to assess judgments of unreasonable or unconscionable in specific cases of price gouging.11

### References


Endnotes
1 The original story is from Munger (2007) and paraphrased by Zwolinski.
2 Different people will have different views about what constitutes necessities in these situations and there is not enough space here to adjudicate these views. It will suffice for the analysis if the reader just uses his/her preferred view.
3 ‘Goods’ will be used throughout as shorthand for ‘goods and services’.
4 See Zwolinski (2008) for an up-to-date bibliography of the relevant literature.
5 The only exceptions are some libertarians. The consensus on this issue is evidenced by the fact that most medical ethics codes explicitly exclude this.
6 Of course, there can be a problem with availability of cash in disaster zones, so that it is possible that a middle class person has the capacity to pay for an inflated item but no ready way of making the exchange.
7 Hurricane Katrina was a counterexample to this generalisation because most of the middle class population had left before the hurricane hit.
8 This will not always be true in extended time-frame situations which will be considered in the next section.
9 So, for example, while there may have been wealthier people in North Carolina, after Hurricane Fran, willing to pay US$12 a bag to keep their beer cold they would be unlikely to be willing to line up in long lines in order to purchase ice for their beer.
10 As we will see, isolated solutions to any one of the questions may adversely affect what is trying to be achieved with respect to either, or both of the other questions.
11 Thank you to Max Oss-Emer for his very helpful research assistance. The paper was presented to the Australian Association of Professional and Applied Ethics National Conference 2008 at which we received many helpful comments.

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Precious Toys
Not even the sky is free
the cleanliness of daylight blue
can be bargained for, sold at a price

But can they bottle the sunset?
the golds and mauves, oranges, pinks, blues and reds
trap the beauty of days end
tight within their grubby little hands

Can they bottle the winds caresses?
Through dances and swaying of leaves
take the deliciousness of late afternoon breeze
Catalogue it away on their metal shelves

Can they bottle the cold splashes of rain?
The tears of sky falling upon the earth
Fresh innocence drenching the world and flesh below
hide it away in the depth of their tin treasure chests

Cruel children forever at play
and what will become of their precious toys?
What when the labels are worn
the markings irreplaceably smudged?

Melanie Busanto,
Elliot Heads Qld
Famous Guinea Pigs of History:
The Tragic Life of King Charles the Unusual

King Charles the Unusual was the most famous guinea pig on Earth during his lifetime, but is now sadly almost forgotten, except in a few volumes lying on dusty library shelves, in which his strange and tragic life has been recorded.

He was born the only boy in a litter of six to his parents, Restless King Ag and the lovely Queen Parthenope. Four of Charles’ sisters, Glad, May, Sad and Bellubulub, survived to adulthood, but King Charles always felt closest to his youngest sister, Bean, who sadly passed away after developing a bad sneeze, aged only twenty minutes. Biographers believe King Charles never recovered from the loss of Bean, (pictured) and it explains a lot about him.

Growing up, Charles was a bit of a personality. His thick pleasant fur grew in many different directions and several different colours. He was fond of long country walks by himself and had a remarkable collection of green buttons which he wouldn’t let anyone else see. Glad, May, Sad and Bellubulub all decided they didn’t want to be Queen because they couldn’t keep still during the national anthem. So when the time came, after Restless King Ag and lovely Queen Parthenope slipped out the back door, the golden crown was placed upon Charles’ fluffy head. Thence began one of the strangest kingships in history.

The first thing King Charles did as monarch was to forbid the eating of carrots. No explanation was ever made for this prohibition but it was ruthlessly enforced. Any guinea pig found munching on the delicious orange vegetable was imprisoned for seven days for a first offence, seven years for a second. King Charles was so fanatical on the subject he set up a secret police force of long-haired Peruvian guinea pigs (pictured) with particularly sharp teeth, who roamed the land day and night searching for law-breaking carrot eaters. Soon the prisons were overflowing with offenders.

A white-haired Abyssinian guinea pig named Orlovo became King Charles’ most trusted advisor. He was very weird. He spent a lot of time sitting on hens’ eggs and was frequently found in local taverns singing community songs, which was where in fact King Charles met him. But these were minor things.

King Charles, the Unusual was the most famous guinea pig on Earth during his lifetime, but is now sadly almost forgotten, except in a few volumes lying on dusty library shelves, in which his strange and tragic life has been recorded.

More dangerously, Orlovo claimed that he could summon up the spirit of Bean, King Charles’ much beloved little sister. He said that the spirit of Bean told him things. This was all right at first, when all Bean mentioned was the benefits of a good diet and several uses for an old umbrella. But then one morning Orlovo declared that the spirit of Bean had told him King Charles should give him, Orlovo, half the kingdom. “Half my kingdom?” King Charles was heard to utter in a quavering squeak. He was very fond of his kingdom, both halves. “Are you sure?”

Orlovo blinked. His eyes were deepest pink. “It’s what Bean wants,” he said. “I am but a lowly mouthpiece.”

Unable to resist Orlovo’s penetrating pink stare, King Charles had the documents drawn up to hand over half his kingdom to Orlovo. King Charles’s sisters were very alarmed by this turn of events, especially Bellubulub, who was inclined to be cynical.

“Why can’t Bean talk directly to you instead of Orlovo?” she would ask, or “How can Bean even talk, she was only a baby when she died?”

These questions made King Charles very angry, and he banished Bellubulub from his realm. But she laid low in the thick bushes on the borders of the kingdom, gathering around her any number of unhappy guinea pigs, especially those that were missing the taste of nice fresh carrot flesh.

Eventually there was a revolution. It was very unpleasant for everyone. Guinea pig fought guinea pig in brutal claw to claw combat. After a desperate clash, the half a kingdom that King Charles had given away was seized back from Orlovo, who was last seen scuttling down a gutter and disappearing into darkness. With Orlovo gone, King Charles then got a terrible
headache, and took refuge from all the noisy carry-on in an old tin bucket. Before long he was surrounded by his Peruvian guards who had turned against him, even the female ones, which was very shocking. Still, King Charles courageously held out, squealing from time to time from inside the bucket: “I WILL NEVER SURRENDER!”

However, naturally there is only so long even the bravest king can last without food or water, or, in King Charles’ case, without even a single green button to play with. He emerged from the bucket just on an hour and a half after the revolution began, looking very sad and sorry for himself.

Princess Bellubulub, I mean Queen Belubulub the Magnified took over the throne. King Charles was dragged to the dark and nasty prison at the back of the palace. The prison doors were flung open and hordes of guinea pigs locked up for illegal carrot eating came pouring out in their thousands, in a stampede of joy. King Charles was then roughly ushered into a dismal cell, and the key turned in the lock. Click. King Charles lived out his life in solitary confinement, quietly treading his exercise wheel every morning and composing very short poems (some of them only had one word) in the afternoon, before falling into a sad and dreamless sleep. At night he could be seen staring wildly at the moon, yearning perhaps, for a happier world, which had never in truth existed. Faithful to his principles, he refused to eat carrots right up to his death, seventeen years after his overthrow. He was buried at midnight in the Royal Crypt, next to the grave of his beloved sister Bean.

Now this is a sad story, but try not to be too sad. I believe Queen Bellubulub the Magnified had few complaints at how everything turned out. And just think of all those other guinea pigs, released from prison at the height of the revolution. Their story would be a very happy one, if anyone would write it down in a history book.

Author
Ursula was born and grew up in Sydney and wanted to be a writer from the age of six. She has now published over 25 books for children and young adults and won several national literary awards. Her latest book, illustrated by Andrew Joyner and based on a myth from Tibet, is The Terrible Plop. Ursula is also the co-recipient of the Patricia Wrightson Prize for Children’s Literature in the NSW Premier’s Literary Awards for 2009 for her book with Tobhby Riddle, The Word Spy.

Epithalamium with elegy

Last night’s rain’s still caught in the green moss under the long flowering fronds of the rock orchids, and dripping from the hanging leaves of the native fig falls into the radial leaves that run to the heart of the crows-nest fern in the litter below, and overhead a sprawl of twisted jacaranda boughs spreads purple blossomed carpet on the grass. But this spring the forget-me-nots are blooming under the umbrella tree, blue forget-me-nots pushing through the harsh burrs of the carrot-weed and the coarse thick clutter of dead leaves and fallen stems at its foot. Wild violets have covered the ground in the shade of the native figs, the barren apple tree is green and blossomed, purple wisteria hangs from the vine, jasmine’s scent’s heavy on the still air, and red and white roses bloom in the archway and along the path their wedded feet shall tread. Teacher and gardener, you knew to foster each rare gift with crafty hand and keener sight; patient when patience served yet quick when action called, but every part conceived as of some greater whole whose end though guessed or hoped might not be forced, and though two hemispheres remained—this, wild, untamed, luxuriant; that, disciplined and trained—yet each from each found something to be gained. Could you be here this day, to see how trust and faith have worked to such an end and what new things might follow, you’d pause to light a cigarette and then propose the toast, as we do, now…

John Knight
Teneriffe Qld

This story is set in Mididima, Kenya, in 2003. It involves an American woman intent on bringing books to a tribe of nomadic people. The American is librarian Fiona Sweeney, or Fi, a New Yorker with idealistic goals, and a need to find meaning in her own life.

The tribe includes the teenage Taban or Scar Boy, who was attacked by a starving hyena when he was a toddler and left with horrendous wounds. His friend is Kanika, eager to learn and read and leave her tribe for something more elsewhere, to be a teacher perhaps.

Kanika's grandmother is Neema, who fought with her late husband's brother against marrying Kanika at thirteen, and who also yearns for a wider world for her late daughter's child.

Matani is the teacher of the local children, and his wife is Jawahir, who objects to the invasion of the books into their community. She believes that they threaten their traditions. However, the camel bookmobile's arrival every two weeks allows an opportunity for her to meet with her lover, Abayomi, the father of Taban.

And, then, there is Mr Abasi, the librarian, who thinks the whole idea of bringing a library to such an area ridiculous. He insists that all the books must be returned each time they visit, otherwise the library will be withdrawn. The inevitable happens, of course, and some books go missing.

I have spent some time describing the characters and the basis for the story, to give an idea of its nature. It is slow-moving and stately, rather like the camels with their literary load. The quest to retrieve the books from Taban, is, however, so slow and drawn-out, it stalls the narrative and reduces its interest.

I puzzled over why the novel seemed to wash over me, and leave only a hazy impression, and conclude that the characters suffer from being stereotypes, so the reader feels little for their interior worlds. Fiona is the do-gooder, Jawahir is the selfish adulteress, Taban the suffering outcast, Kanika the intelligent dreamer, and so forth.

Masha Hamilton's novel is based on an actual camel bookmobile in Kenya that began a decade ago 'to improve literacy rates in poverty stricken areas of Nomadic tribes'. The author presents different opinions about the effort: the benefit to the tribe of learning to read and finding out about the rest of the world; the feared erosion of the traditional way of life; and the possible folly of outsiders trying to 'do good' in areas about which they know little or nothing.

For example, Jawahir complains to her husband the teacher about the Dr Seuss book, The Cat in the Hat: “If such a book held facts for how to hunt a leopard, then perhaps - although even then, it's better for the knowledge to pass from father to son. But a book about a creature who, what? Sits on a head covering?” Matani thinks how he could respond, because he feels passionately about the books, and what they could do for his people: 'the Camel Bookmobile offered the only chance of survival for this collection of half-nomads with only one toehold in the future'.

The tension between these two positions is maintained throughout the novel, allowing the reader to come to their own conclusions.

The ridiculous nature of some of the books (including cookbooks from other cultures) is highlighted here, but not enough of their power. Although the story begins well, with Kanika in particular revealing to the reader how much the books mean to her, it never explores the specifics of what reading can do, which, for me, significantly reduces the power of the novel itself.

There is a romantic aspect, the denouement of which is handled reasonably well, despite the cheesy commercial sentimentality of an American woman falling in love with a handsome African. Overall, I feel that the author has made a valiant attempt to present a balanced view of what well-meaning Western intrusion upon African peoples might produce. She writes smooth and sometimes beautiful prose ('but then becoming very aware of her hand, its pale spill of light against his rich darkness') and creates a diverting story, but fails to provide enough depth.

Sue Bond

Sue Bond is a freelance writer of fiction, memoir and book reviews, with publication in Metapsychology Online Reviews, Bookseller and Publisher Magazine, Writing Queensland and Journal of Australian Studies.
Living Under Liberalism – The Politics of Depression in Western Democracies

In Living Under Liberalism – The Politics of Depression in Western Democracies, Pam Stavropoulos seeks to shed light on the political dimensions of depression in liberal democratic countries. The central premise of the book is that liberalism promotes a view of the healthy subject as one who is autonomous, independent and self-reliant, and in so doing, contributes to the depression crisis by denying the importance of social connectedness and interrelatedness to our mental health and wellbeing.

Part one explores what it means to ‘live under liberalism’ and how living under these conditions contributes to depression. Liberalism is described as an ideology or political philosophy that is characterised by universalism, equality, individualism, rationalism and progressivism. Using clinical vignettes drawn from her experience as a counsellor of people with depression, Stavropoulos argues that these core liberal values ‘necessarily influence the psyches of we who live under liberalism’ (p. 87). Moreover, she suggests that the dichotomies and contradictions inherent to liberalism foster internal splits within individuals ‘which shape both the incidence and experience of depression’ (p. 90). For instance, the discrepancy between the liberal ideal of equality and the contemporary reality of third world poverty is given as an example of one such contradiction that can contribute to depression amongst individuals living under liberalism. Stavropoulos writes, ‘What some commentators refer to as “First World Guilt” can itself be generative of depression, either separately or in combination with other sources. To live in a world in which inequality flourishes – in stark contrast to the progressive ethos of the dominant ideology of western societies – can itself give rise to depression’ (p. 88-90 – emphasis in original).

In the second half of the book, the discussion shifts focus to exploring how depression might best be ‘healed’. Stavropoulos favours the idea of ‘healing’ as opposed to ‘treatment’, as she sees the latter as reinforcing a liberal-individualist reading of mental health focused on individual pathology. Chapter 5 considers the mainstream treatments of choice for depression – antidepressant medications and Cognitive Behavioural Therapy – and argues that neither is adequate for addressing the underlying political conditions contributing to depression. Instead, meditation and memory exercises are advocated as essential components of the healing process. Meditation practices foster an enhanced awareness of the circumstances in which one’s depression has developed, Stavropoulos argues, allowing individuals to recognise how living under liberalism can undermine their efforts to be emotionally healthy. Memory work helps one to make sense of how past experiences shape current experiences, and thus gives depressed individuals the necessary tools for managing the feelings which meditation reveals. Meditation and memory work are best conducted with the assistance of an experienced counsellor, Stavropoulos says, but can also be practiced privately. Various other healing options are also presented, which are each advocated on the basis that they can ‘help us to “re-integrate” in a culture which is undermining of integration’ (p. 199 emphasis in original).

This book offers some important insights about the politics of depression. It usefully highlights the dangers of downplaying the relational aspects of our identities. It also presents an interesting argument about how the disjuncture between liberal ideals and the lived reality of contemporary liberalism may contribute to a sense of dissatisfaction amongst individuals, ultimately contributing to depression. Unfortunately, however, the connection between liberal ideals and individuals’ emotional lives is not convincingly established. Stavropoulos asserts that liberal norms shape our self-conceptions, but does not explain exactly how. Moreover, the meditation and memory exercises endorsed in the second half of the book sit uncomfortably with the analysis presented in the first half. After critiquing mainstream depression treatments for individualising the problem rather than addressing the political context in which individuals become depressed, Stavropoulos goes on to encourage a healing program that also seems to individualise depression. She argues that meditation and memory exercises will help individuals to foster a greater attentiveness to others, but does not explore how this greater attentiveness might be mobilised to address the political drivers of depression.

Notwithstanding these criticisms, this book makes a useful contribution to the depression debate by providing an important focus on depression in the context of liberal democratic countries. It will be of interest to researchers and clinicians, as well as individuals suffering from depression.

Brigid Philip
University of Melbourne
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