

# NEOLIBERALISM: A FAILSAFE BULWARK AGAINST TERRORISM

When I heard this line from Obama's counterterrorism speech last week,

We are actively working to promote peace between Israelis and Palestinians – because it is right and because such a peace could help reshape attitudes in the region. And we must help countries modernize economies, upgrade education, and encourage entrepreneurship – because American leadership has always been elevated by our ability to connect with people's hopes, and not simply their fears. [my emphasis]

My immediate thought was,

“modernize economies.” Because neoliberalism is a failsafe bulwark against terror.

Sunday, John Kerry rolled out that plan in Amman – in the form of \$4 billion in private donations led by Tony (!) Blair (!).

I have asked Quartet Representative Tony Blair and many business leaders to join together. And Prime Minister Blair is shaping what I believe could be a groundbreaking plan to develop a healthy, sustainable, private-sector-led Palestinian economy that will transform the fortunes of a future Palestinian state, but also, significantly, transform the possibilities for Jordan and for Israel.

It is a plan for the Palestinian economy that is bigger, bolder and more ambitious than anything proposed since Oslo, more than 20 years ago now.

[snip]

To achieve that, these leaders have brought together a group of business experts, who have donated their time, who have come from around the world over the course of the last six weeks to make this project real and tangible and formidable – as we say, shovel-ready. They have come from all over the world because they believe in peace, and because they believe prosperity is both a promise and a product of peace.

This group includes leaders of some of the world's largest corporations, I'm pleased to say. It includes renowned investors and some of the most brilliant business analysts out there – and some of the most committed.

[snip]

The fact is that we are looking to mobilize some \$4 billion of investment.

[snip]

The preliminary results already reported to me by Prime Minister Blair and by the folks working with him are stunning: These experts believe that we can increase the Palestinian GDP by as much as 50 percent over three years. Their most optimistic estimates foresee enough new jobs to cut unemployment by nearly two-thirds – to 8 percent, down from 21 percent today – and to increase the median annual wage along with it, by as much as 40 percent.

These experts hope that with their plan in full force, agriculture can either double or triple. Tourism can triple. Home construction can produce up to 100,000 jobs over the next three years, and many of them would be energy efficient.

Ultimately, as the investment climate in the West Bank and Gaza improves, so will the potential for a financial self-sufficient Palestinian Authority that will not have to rely as much on foreign aid. So just think, my friends – we are talking about a place with just over 4 million people in a small geographic area. When you're talking about \$4 billion or more and this kind of economic effort, you are talking about something that is absolutely achievable.

Aside from all the obvious problems with this plan – such as the stranglehold Israel has on Palestine's "borders" and the prior expropriation of good farmland, aside from the fact that Israel and its booming economy gets something like four times more aid per capita as the Palestinians (though Israel's aid gets recycled back into war toys), aside from the fact that investment in Palestinian territories isn't going to make Bibi Netanyahu any more willing to negotiate in good faith, there's the underlying assumption that throwing a bunch of "investment" money (Stephen Walt calls it a bribe) and "modernizing" an economy will fix things. Granted, increasing employment in the territories is an improvement over what exists today, but is a Tony Blair style economy really going to help?

Tellingly, in the same speech, Kerry provided this explanation for the Arab Spring.

As we all remember, it was the lack of that kind of basic respect that ignited the Arab Awakening. It started with a single protest – a street vendor who deserved the right to be able to sell his goods without police interruption and corruption. And then it spread to Cairo, where young Egyptians used their cell phones and tweeted and texted and Googled and called and summoned people to the cause. And they used the social media to organize and demand more jobs,

more opportunity, and the liberty to embrace and direct their own destiny. In doing so, these individuals and these individual acts embraced values that are so powerful that they, against all probability, removed dictators who had served for years. And they did it in a matter of days.

Now, of course, there are sectarian and religious and ideological motivations to many of today's clashes that have followed those events, but those events weren't inspired by religious extremism or ideological extremism. They were driven by motivation for opportunity and a future.

It acknowledges that underlying the Arab Spring were real economic issues, but it doesn't talk about the way neoliberal policies exacerbated those economic issues. Indeed, Kerry went from warning against missing the lesson of the Arab Spring to embracing public-private partnerships.

So we ignore the lessons of the Arab Awakening at our own peril. And with an important part of the world upside down, it is imperative that all of us channel our creativity and our energy into making sure that people actually do have better choices.

The public and private sectors alike – and this is where you all come into this. The public and private sectors alike have a fundamental responsibility to meet the demands of this moment.

We tried this kind of public-private investment in both Iraq and Afghanistan. It doesn't appear to have worked all that well in either place.

If Obama's really looking for bold new ideas to foster stability, maybe he should consider first of all whether neoliberalism is less a part of the solution and more one of the underlying

problems.