

# THE TWO PRONGS OF THE NEOLIBERAL PROJECT

It may seem odd that a site focused on national security, domestic spying, and US foreign policy should have a secondary focus on the economy and on neoliberal economic theory. As I see it, these are the two prongs of the overall neoliberal project. That project is to free up the entire globe for the profit-making activities of a few gigantic corporations and their billionaire owners, with minimal interference from governments or any other social institution.

That is obviously the goal of the Trans-Pacific Partnership deal, particularly the provisions on Investor State Dispute Settlement. Senator Warren explains it in this WaPo op-ed. The examples she gives are fascinating:

Recent cases include a French company that sued Egypt because Egypt raised its minimum wage, a Swedish company that sued Germany because Germany decided to phase out nuclear power after Japan's Fukushima disaster, and a Dutch company that sued the Czech Republic because the Czechs didn't bail out a bank that the company partially owned. U.S. corporations have also gotten in on the action: Philip Morris is trying to use ISDS to stop Uruguay from implementing new tobacco regulations intended to cut smoking rates.

The US Trade Representative has an explanation of the benefits:

▪ *Freedom from  
discrimination: An  
assurance that*

Americans doing business abroad will face a level playing field and will not be treated less favorably than local investors or competitors from third countries.

- *Protection against uncompensated expropriation of property:* An assurance that the property of investors will not be seized by the government without the payment of just compensation.
- *Protection against denial of justice:* An assurance that investors will not be denied justice in criminal, civil, or administrative adjudicatory proceedings.
- *Right to transfer capital:* An assurance that investors will be able to move capital relating to their investments freely, subject to safeguards to provide governments flexibility, including to respond to financial

*crises and to ensure  
the integrity and  
stability of the  
financial system.*

Obviously this benefits the rich and their profit-making corporations, but it doesn't benefit the rest of us. That is the legacy President Obama sees for himself: cementing the rights of the rich at the expense of the rest of us. Obama wants to insure that this part of the neoliberal project is in place to cut deals that only benefit the rich and their corporations.

The neoliberal project has always had a special place for disciplining the proles. Prison, parole, draconian court systems, all are directed at keeping the proles from interfering with the ability of the rich and their corporations to make lots of money. The legal system has completely broken down when it comes to disciplining Wall Street thieves, but it's great at wrecking the lives of the poor and near poor. This is not an accident. Here's the explanation written by the soi-disant public intellectual and Judge on the Seventh Circuit Court of Appeals Richard Posner:

The major function of criminal law in a capitalist society is to prevent people from bypassing the system of voluntary, compensated exchange – the “market,” explicit or implicit – in situations where, because transaction costs are low, the market is a more efficient method of allocating resources than forced exchange. Market bypassing in such situations is inefficient – in the sense in which economists equate efficiency with wealth maximization – no matter how much utility it may confer on the offender. ... (P. 1195, footnote omitted)

Posner says that the rich are to be disciplined

by tort law, after the fact court enforcement of laws, but the poor, having nothing, need jail for discipline. He concludes:

I contend, in short, that most of the distinctive doctrines of the criminal law can be explained as if the objective of that law were to promote economic efficiency. Ibid.

There's a fine statement of neoliberal economic theory. Posner is himself a member of the neoliberal front group, the Mont Pelerin Society, and his theories of law and economics are an integral part of their project.

Domestic spying and collection of all our information are tools to enforce discipline against the citizenry. Marcy documents those activities. Regular readers know that the collection efforts are prodigious, far more that conceivably useful in hunting for terrorists. But these ideas can be traced a long way back, as Michel Foucault explains in *Discipline and Punish*. Here's an extended (and slightly angry) discussion.

As the US continues to sink into third world status, it will be more necessary to plan for disruptions from those left behind. This isn't going to change by itself. The first step is recognizing the situation. That's just as true of National Security/Domestic Spying as it is of neoliberal economic theory. That's why I write here, next to the best analyst in the country. With Marcy on a well-deserved vacation, I'll be putting up more posts than usual, and I hope they help in the counter-project.