

THE ECONOMIC AND SOCIAL BACKGROUNDS OF NEO-LIBERALISM AND U. S. UNILATERALISM

SETOOKA, HIROSHI¹

1. NEO-LIBERALISM AND U. S. UNILATERALISM TODAY HAVE SUFFICIENT ECONOMIC AND SOCIAL BACKGROUNDS

1. This paper concerns one of the most pressing present-day problems, i. e. why the confusion in Iraq not only continues for such a long time but also is deepening with increasing number of victims. My basic understanding is that the fundamental problem is in the nature of very ordinary citizens in democratic and economically developed countries, especially in the United States where they may constitute the so-called ruling class of the globalized world today.
2. I discuss about the following two issues. Although these two issues seem different and unrelated at first, they are closely connected with each other, or rather, constituting one issue.
3. The first is concerned about the recent global trends. Despite neo-liberalism apparently looks historically regressive, it has been spreading world-wide for substantial length of time. This trend could not be understood unless considerable public support could not exist. Then, who on this earth are supporting such policies like neo-liberalism?
4. My another issue of concern is about the following range of problems seen in the Western countries. For one, chauvinistic trends in the United States that have rapidly grown after the September 11 attack. For another, the inclination, though still minority, towards extreme rightist positions that seems to have increased among the working class in Europe. These seem to be short-lived, but the longer-lasting and more substantial transformation has been happening in the characteristic of the working class of the developed countries.

2. A HYPOTHESIS -- MIDDLE CITIZENS IN DEVELOPED COUNTRIES AS THE RULING CLASS OF GLOBALIZED WORLD

5. My central point of discussion regarding these two issues -- i. e. the hypothesis of this presentation -- is that the ordinary citizens of the developed countries is transforming to be a 'ruling class' of the contemporary globalized world.
6. We can easily understand that, for example, by looking at the different rates of social welfare expenditures devoted out of the GDP countries between developed and developing; i. e., Sweden 34.7%, Denmark 32.1%, Finland 31.3%, Germany 28.6%, Belgium 25.4%, Greece 20.1%; on the other hand, Brasil 4.1%, Korea 3.7%, Singapore 1.7%, Mexico 1.1%, and Indonesia 0.1% .

¹ Department of Economics. Komazawa University at Tokyo, JAPAN. phone: +81-3-3418-9357. fax: +81-3-3418-9127. e-mail: setooka@komazawa-u.ac.jp

7. This fact shows us that people in the developed countries can have sufficient access to commodities and funds by participating in productive and trading activities in the world economy, and the benefit of that is well redistributed to segments of society through the social security system. On the other hand, people in the less developed countries are left outside the benefit of the global economy that is largely enjoyed by those who are in the developed countries.

8. The economic and social state of the developed countries in the 20th century is almost fully functioning as free-market economies (though partly controlled by government), and that is accompanied by equally complete universal social security systems. This combination seems to have given ordinary citizens of the developed countries a considerably blessed status.

9. Although property owned by each individual citizen may be small, people in the developed countries are fundamentally assured their life security, income and job, either by the market economy or by the social security system. Even when there are some confusions and difficulties, they are free from uneasiness and uncertainty, and having enjoyed such a sense of security for one or more generations, they have gained a good sense of stability.

10. The twenty percent or less of world population have been enjoying benefits for a long time, either generated in the market economy or in the welfare society, and that has resulted in the transformation of the consciousness of most middle citizens to become conservative, providing a reserve army of supporters for neo-liberal policies in the past two or three decades.

11. If we look at the global scale, we notice that those who gained sufficient benefits from the market economy or from the welfare society are actually consisting of the ruling class of the contemporary world economic system. Natural resources and money are gathered from all over the world and they are redistributed among middle citizens of the developed countries, channeled through relatively well operating income-redistributing mechanisms (such as the market economy and/or social welfare systems) that allow them enjoy the benefits.

12. That notwithstanding, the ways of enjoying benefits are not singular, but different among those countries. In a large scheme of thought, the European way is to construct the welfare society and the American way is to evolve around the market economy. These two are opposite to each other. What has brought the difference between them is what I am to argue below.

3. THE WELFARE SOCIETY OF WESTERN EUROPE HAS CHANGED THE CONSCIOUSNESS OF WORKERS INTO THAT OF MIDDLE CITIZENS

13. The population of developed European countries, taking roughly as EU countries before 2004 enlargement, is 380 million, i. e. only 6 percent of the world. Such people enjoy about 20 percent (8.8 trillion euros) of the world's total GDP (32 trillion dollars). European people, excepting workers and temporary residents from abroad, pool once considerable part of their incomes through tax payment mechanisms, and redistribute it through social welfare mechanisms to enjoy the stable social status and good standard of life.

14. Such ordinary citizens' lives -- if only look at inside the EU whereas its outside looks extremely fortunate -- have been shaped by the construction of welfare society along with a series of social democratic policies. Faced with the destructions and catastrophes in the entire aspects of material, institutional and mental lives caused by two world wars, and the loss of colonies and territories under their influence (which may be a more serious factor), the policy enforcement became necessary and was initiated with an understanding of the necessity of the co-operation of workers who constituted the majority of population. Contemporary blessed and secured lives in western Europe was a result of the enforcement of a set of social-democratic policies and the formation of welfare state.

15. Such policies continued for a considerable length of time, i. e. half a century after the Second World War, seems to have largely changed the base of their life as well as consciousness. This seems apparent when we see how government, classes and ordinary citizens reacted against economic crisis after the 1970s.

16. For instance, in 2002 Presidential election of France, far more than expected voted for Le Pen, the extreme rightist, but then, they including Socialist/Communist supporters moved back to vote for Jacques Chirac. In such national hesitation of France, behind which existed the double crisis of traditional family values and national identity, we can detect that the real characteristic of them is not that of workers but that of middle citizens. The fact is partly a reflection of the decline of the ratio of organized workers in France which fell down below ten percent. This is not only a temporary happening solely in France, but the inclination common to Europe, and that means that Europe (if we focus on its majority) has, thanks to the social welfare system, gradually transformed itself from workers' societies to middle citizen's societies.

17. A more typical example of such a social transformation can be seen in the Netherlands. The measure to escape from long-term stagnation attacked this country was a national consensus for "worksharing" which was built after long-year talk among businesses, trade unions and government. One of the typical matters in the Netherlands was that the intention of workers was largely accepted, and therefore this consensus was built through concession of business leaders to workers. Such solution seems a quite different way from that seen in the United States (referred Below). Anyway, the consciousness of workers in the Netherlands as working class was gradually weakened and turned into the consciousness of common middle citizens.

18. In the United Kingdom, TUC inclines its line to "Social Partnership". If productivity will be increased, then wages will rise and the unemployment rate will decline -- TUC leaders thought in such way in this great competition era, and changed their policies to accept market economy and to promote deregulation. On the other hand, so-called "workless families" is increasing under the policy. These all seem to be connected with welfare society which has considerably long history in England, and the consciousness of workers seems to have been changed into that of middle citizens.

19. Chauvinistic trends watched in not a few countries today are considered to be closely connected phenomenon with Western Europe's development to highly developed welfare society. For under this condition, European citizens can actually stand as if they are ruling class components of the globalized world either consciously or unconsciously.

4. JAPANESE CASE

20. Japan lost more than 90 percent of national productive force by the end of the Second World War (This was far more serious situation than German case of one third). Tokyo (air raid in March 1945), Okinawa (US assault in June 1945) and Hiroshima (atomic bomb explosion in August 1945) lost respectively about 200 thousand population at once with considerable productive forces. This is one of the big reasons that such anti-American government as Japanese wartime cabinet rapidly turned into pro-American lines for national recovery from destruction by war. Liberal Democrat Party (long time cabinet) adopted the way to rely upon the United States politically, economically and militarily. Thus, Japanese economy reconstructed through learning US newest technologies, importing not only mostly whole raw materials and fuel for manufacturing but also 60-70 percent of daily nutrition for national survive, and moreover people accepted American-style cultures -- jeans, cokes, hamburgers, rock'n'roles, etc. Production relations were, too, largely changed on the way of American style. Thus Japanese economy, entering under the umbrella of US influence, not only grew up rapidly but Japanese standard of life also changed as the level of mostly developed countries.

21. In spite Japanese economic growth after the Second World War affected US political and economic powers, Japanese economic and social systems have not much carried American system of market economy, it rather resembles to European characteristics, i. e. leadership and adjustment for industries by government, life-time employment in each corporation, medical insurance for whole nation, etc.

22. Anyway, the facts are the basis of common people's consciousness in Japan has rapidly come to as same as in Western developed countries. Japanese economy and people now enjoys world wide market either in export or in import, and this means Japanese people are now a component of the world-wide ruling class.

5. AMERICA, AS A REPUBLIC OF CAPITALISTS

23. As known well, the United States founded itself as a republic of a loose community with free independent citizens who are heroes/heroines of the community. People in this society originally consisted of largely farmers who managed, worked, defended and prayed by and for themselves. The shortage of labor power supply made the country accept foreign immigrants and slave workers from Africa. When industries developed and the shortage of labor became more serious, the greater number of immigrants were accepted and employed in industrial workshops. In addition, African slave workers who were liberated came to be employed as wage-earners in the factories. Thus, the US citizens from earlier time normally preferred not to be wage-earners, but preferred to stand in the position of employers.

24. Although the majority of the US population today live in urban areas much different from the situation of those earlier times, most of them were originally small farmers and their fundamental characteristic as a republic of free(-market) independent citizens has not seem to be changed. America has been a republic of capitalists since its very beginning, and the social logic as a capitalist society has been the core of the founding ideal of the nation.

25. In the United States, middle citizens generally has a strong inclination not to become workers. Even if they happen to choose to be workers, their aim generally is to move to get more self-reliant jobs in the future or to make money for future independence. Therefore, the elasticity of labor market is huge compared to other developed countries and the mobility of labor is extremely high. Especially as the result of neo-liberal reforms of recent decades, the elasticity of labor market and labor mobility continue to rise higher. The undercurrent reason for such higher flexibility is American middle citizen's desire not to be fixed as workers. The actual meaning of the so-called "American Dream" should be understood as a hope of the ordinary American someday to have his/her own companies and a strife towards that goal.

26. America has been, and is, a republic of those who take the ideal of national foundation as their own, i. e. a middle citizens republic. In other words, even though America should be recognized as a capitalist republic, it has been, and is, not a republic of rich millionaires alone.

27. This feature largely differs from that of Europe where workers were better treated because of the effort to transform primitive capitalist societies into welfare societies after the Second World War, when capitalists' power was weakened. It is not adequate to understand American social mechanism by simply applying the scheme of capitalist-worker relation. If one wish to understand the social rivalry in the United States, he/she must focus on the dynamic between the free(-market) independent citizens and workers employed by them, rather than the class rivalry more adequate to European societies.

6. AMERICAN MIDDLE CITIZENS OPPOSED REFORMS IN THE 1930S AND THE 1960S

28. Economic reformations of the 1930s (New Deal) and that of the 1960s (Great Society) seem to be epoch-making events in the US political history. Nevertheless, the inclination of American citizens should not be seen as fundamentally changed. Especially, reformations in the 1960s caused not so small oppositions among middle citizens. The reason was that "The Great Society" project was to accept some of African Americans as members of American civil society, and "The New Deal" project was to accept new immigrants mainly from South and Eastern Europe, i. e. white people. The reasons for oppositions after the 1960s were as follows.

29. Firstly, middle citizens thought that incomes and benefits of African Americans and Latinos (Hispanics) would reduce the relative economic status of themselves (white citizenz).

30. Secondly, they claimed that this project brought interventionist big government with big budget, the big budget turned the book into "red ink", and American economy as a whole fell into the state of inflation.

31. Thirdly, those factors weakened competitiveness of American businesses, brought inefficiency and stagflation into the US national economy, making "American sick".

32. Finally, as a result, the US status in the international society remarkably fell, and the pride of US citizens was seriously hurt.

33. Although US middle citizens did not protest too much in any violent ways, they expressed their dissatisfactions through voting, and mobilized movements for tax revolts and/or against affirmative actions. When they successfully elected Ronald Reagan as the

President of the United States, that opened the way to economic deregulation that still continues to the day. In the process, they deprived the fruits of the 1960s' progressive movements, such as Civil Rights Movements, Women's Liberation Movements, etc., bringing them into the court to fight. Some movements indeed accompanied violence, as exemplified in anti-abortion movements.

7. AMERICAN MIDDLE CITIZENS INTEND FREE MARKET ECONOMY

34. Not stagnate but smoothly functioning market has been the economic condition mostly pursued in the United States since its foundation. Although each citizen possesses his/her own property only little, they can get any necessary goods and services at any time they like through market where and when this condition is effective. Moreover, even when they lose their jobs, they can rather easily get other jobs in order to earn income and purchase necessary goods and services. This means that they are as if in the middle class in the sense that they can securely sustain their lives. It is quite different from European way, where all workers are made into middle citizens by virtue of the working of the well developed but costly social security system.

35. The US economy and its civilian life after the Second World War has been largely based on the production of raw materials, fuel, industrial products, as well as abundant money flows throughout the period, and that made American citizens aware of the importance of the effectively operating international market to their lives, either consciously or unconsciously.

36. Stagflation in the 1970s was one occasion in the US economic history that remarkably hampered the effective operation of the market. Confronted by this critical situation, middle citizens as heroes/heroines of American society came to actively search for the full operation of the market and the worldwide spread of its function. This search for an exit from stagflation was never on the policy agenda of the former Democrat, but it went to the direction of returning to the origin of the country, i. e. a capitalist republic and free-market economy. Much attention should be given to this point.

8. AMERICAN MIDDLE CITIZENS WITH FINANCIAL BUSINESSES ARE THE LEADING ACTORS OF GLOBALIZATION TODAY

37. It can be considered that the root of Globalization today lies in a small deregulation movement that began in financial institutions. That was triggered by an unusual tiny accident occurred in financial circles under Stagflation of the 1970s. High interest policy of Federal Banks under inflation activated dealings of high yield short-term government securities. This motivated middle citizens to move their money from banks to securities firms. On the other hand, banks required to abolish interest regulation, and then securities firms sold new financial goods. On the contrary banks required more and overall deregulation, and such movement jumped upon other industries to be general movement. Still more this deregulation movement caught government and this huge wave supported by US government attacked many countries like Europe as well as Japan. We can find here a typical example of "butterfly effect", i. e. a tiny wind raised by butterfly grows into huge wind like typhoon.

38. This world-wide deregulated economy grew up from a small movement happened in US financial circle, bringing "butterfly effect", which is exactly the beginning of the so-called globalization itself.

39. The question here is why the "butterfly effect" that never occurs in normal economic conditions occurred. In the United States, a republic of capitalists, the well known fact is that a half of individual financial assets are possessed by stock. Those who supported the "butterfly effect" was surely middle citizens in the United States. They had strong interest not in the production of manufacturing goods but in the multiplication of individual assets, i. e. stock. On the other hand, financial institutions stood at the most convenient spot to affect middle citizens as stock holders. Therefore, in this fact we can find an American feature that deregulation in the financial circle was a starting point of the overall deregulation movement.

40. The comprehensive middle citizens having strong interest in multiplication of assets on one hand, and the financial institutions targeting middle citizens on the other, were both the players of big wave for globalization.

41. Middle citizens stand in a contradictory position in the sense that they are stock holders, i. e. capitalists, on the one hand, and the greater part of them are also employees on the other. If we look at them focusing on the latter feature, we can see their agonies from unstable employments, low wages, long labor hours and the greater labor intensity, and the deepening of stress, either mental or physical. These conditions deserve much attention and they can never be taken easily. However, their another position as stock holders cannot be overlooked, which in fact is the more important position to be emphasized. To look at American working people in the same way as to look at them in Europe or Japan will lead us to a big mistake. American middle citizens are, first of all, investors of big corporations, secondly, voters whom the President of the United States and his brains primarily rely upon, and thirdly, readers and listeners of the mass-media. Thus the United States has been a republic of middle citizens from the time of national foundation, and it continues to be so today. Those who decide the basic stance of US politics, economy and society are exactly middle citizens themselves.

9. THE WHOLE US CITIZENS NOW STAND AT THE RULING CLASS POSITION IN THE CONTEMPORARY GLOBALIZED ECONOMY

42. To promote globalization is now the fundamental condition to maintain business activities, to secure employment and to protect their daily material lives in contemporary US economy.

43. The daily lives of US citizens, that consume one-fourth of oil in the world, discharge a considerable carbonic acid gas, not make remarkable protest against the President who kick away Kyoto Protocol, throw away foods worthy of 60 million people's nutrition as the leftover, be eager for excessive diet while consume 14 percent of GDP into medical treatment..., maintain abundant low-cost products flow from all over the world through well arranged market economy. Under contemporary globalized economy, abundant low-cost materials produced by abundant low-cost labors support everyday lives of US middle citizens. While the rapid economic growth seen in Asia and other areas have been supported by US market in which the middle citizens consume mountainous goods and services.

44. Therefore, we can say, if we watch from worldwide view, that the country of the United States itself turned into a fortress of middle citizens who stand on the ruling class of the world today. This is the source of American chauvinism against strangers, and is the social/economic background of US unilateralism.

45. US middle citizens could acquire the ruling status thanks to the realization of globalized market economy, and by virtue of getting daily benefit out of that, they tend to be conservative. If someone outside the United States directly attacks the life of middle citizens, then they would exercise a drastic punishment against those who attack America.

46. There are 20 thousand Gated Communities, i. e. fortresses of large-income earners, with 8 million people living in them in the United States. If we watch this from worldwide view, we can find the United States itself turned into a fortress of middle citizens (a fortress of large-income earners, if watched outside of the United States).

47. As about 70 percent of US population seemed to be middle citizens, i. e. 190 million people, that means only three percent of total world population rule the whole world. Although a caution is to be taken not to say that only this three percent actually gained the ruling class status, we must recognize that US middle citizens have now decisive power upon contemporary world political, economic and cultural affairs.

10. CONCLUSION

48. Why neo-liberal economic policies since 1970s have permeated into many countries and it seems there is no big signs of declining in such policies?

49. We should consider that there might be enough reasons why such trend and policies have been popular for such a long time and world-wide in spite of substantial dissatisfaction and oppositions against them.

50. On the other hand, we should also consider that there might be good reasons why drastic counter measures are not taken not only in the United States but also by governments in many other countries. Although there are a plenty of oppositionist movements in all over the world, counter policies were most often not taken under the excuse of coping with resistant movements just after the September 11 attacks in 2001. The rationale for not taking counter measures is closely related to the cause of chauvinism in the European countries, which in fact seems to share the same root.

51. Although there might be, of course, a lot of other reasons for abovementioned trends, including the intention of business leaders and political leaders, as well as the role of mass-media cooperating with government power, this paper has focused upon one of them.

52. It examined the public values associated with the neo-liberalism that seems to have prevailed all over the world in recent decades. This issue relates to that of why some people have tended toward neo-Nazism or Nationalism in European countries, as well as becoming conservative and bellicose in the United States especially after the September 11 attacks. Taking average people living in the United States or EU countries as 'middle citizens' of the Western developed world, this paper could have made the following three suggestions.

53. First, these middle citizens dominate the contemporary world economic system. They constitute less than one-fifth of the world's population, but have enjoyed high and

increasing levels of material well-being, while also increasingly wasting natural resources, disrupting the natural environment and exacerbating poverty among people in underdeveloped countries.

54. Second, the benefits of high post-war economic growth in the developed countries have spread to working-class people, bringing them higher incomes and better welfare systems. This has eroded working-class consciousness to the point where many now view themselves as independent citizens, and not a few have become familiar with the workings of the market economy. In these developed countries it is no longer true that the workers 'have nothing to lose but their chains'.

55. Finally, neo-liberal economic and political policies have actually won considerable support from citizens living in developed countries where there is a well-developed market economy and welfare society. Unexpected threats to individual and/or national identities, such as attacks by international resistant groups (mainly originated from less developed countries), may turn that posture of policy support into outright nationalism. When the living conditions of 'middle citizens' are seriously infringed and their powers challenged, a good part of their willingness to cooperate with other nations may have possibilities to be eroded.

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