Neoliberalism Is a Political Project: An Interview with David Harvey

Editor's Note:

Eleven years ago, David Harvey published A Brief History of Neoliberalism*, now one of the most cited books on the subject. The years since have seen new economic and financial crises, but also of new waves of resistance, which themselves often target 'neoliberalism' in their critique of contemporary society. Cornel West speaks of the Black Lives Matter movement as "an indictment of neoliberal power"; the late Hugo Chávez called neoliberalism a "path to hell"; and labor leaders are increasingly using the term to describe the larger environment in which workplace struggles occur. The mainstream press has also picked up the term, if only to argue that neoliberalism doesn't actually exist. But what, exactly, are we talking about when we talk about neoliberalism? Is it a useful target for socialists? And how has it changed since its genesis in the late twentieth century? Bjarke Skærlund Risager, a PhD fellow at the Department of Philosophy and History of Ideas at Aarhus University, sat down with David Harvey to discuss the political nature of neoliberalism, how it has transformed modes of resistance, and why the Left still needs to be serious about ending capitalism.*

From "Rank & File," Jacobin Magazine, Issue 22, Summer 2016. Reproduced with permission.

Neoliberalism is a widely used term today. However, it is often unclear what people refer to when they use it. In its most systematic usage it might refer to a theory, a set of ideas, a political strategy, or a historical period. Could you begin by explaining how you understand neoliberalism?

I've always treated neoliberalism as a political project carried out by the corporate capitalist class as they felt intensely threatened both politically and economically towards the end of the 1960s into the 1970s. They desperately wanted to launch a political project that would curb the power of labor.

In many respects the project was a counterrevolutionary project. It would nip in the bud what, at that time, were revolutionary movements in much of the developing world — Mozambique, Angola, China etc. — but also a rising tide of communist influences in countries like Italy and France and, to a lesser degree, the threat of a revival of that in Spain.

Even in the United States, trade unions had produced a Democratic Congress that was quite radical in its intent. In the early 1970s they, along with other social movements, forced a slew of reforms and reformist initiatives which were anti-corporate: the Environmental Protection Agency, the Occupational Safety and Health Administration, consumer protections, and a whole set of things around empowering labor even more than it had been empowered before.

So in that situation there was, in effect, a global threat to the power of the corporate capitalist class and therefore the question was, "What to do?". The ruling class wasn't omniscient but they recognized that there were a number of fronts on which they had to struggle: the ideological front, the political front, and above

all they had to struggle to curb the power of labor by whatever means possible. Out of this there emerged a political project which I would call neoliberalism.

Can you talk a bit about the ideological and political fronts and the attacks on labor?

The ideological front amounted to following the advice of a guy named Lewis Powell. He wrote a memo saying that things had gone too far, that capital needed a collective project. The memo helped mobilize the Chamber of Commerce and the Business Roundtable.

Ideas were also important to the ideological front. The judgement at that time was that universities were impossible to organize because the student movement was too strong and the faculty too liberal-minded, so they set up all of these think tanks like the Manhattan Institute, the Heritage Foundation, the Ohlin Foundation. These think tanks brought in the ideas of Freidrich Hayek and Milton Friedman and supply-side economics.

The idea was to have these think tanks do serious research and some of them did — for instance, the National Bureau of Economic Research was a privately funded institution that did extremely good and thorough research. This research would then be published independently and it would influence the press and bit by bit it would surround and infiltrate the universities.

This process took a long time. I think now we've reached a point where you don't need something like the Heritage Foundation anymore. Universities have pretty much been taken over by the neoliberal projects surrounding them.

With respect to labor, the challenge was to make domestic labor competitive with global labor. One way was to open up immigration. In the 1960s, for example, Germans were importing Turkish labor, the French Maghrebian labor, the British colonial labor. But this created a great deal of dissatisfaction and unrest.

Instead they chose the other way — to take capital to where the low-wage labor forces were. But for globalization to work you had to reduce tariffs and empower finance capital, because finance capital is the most mobile form of capital. So finance capital and things like floating currencies became critical to curbing labor.

At the same time, ideological projects to privatize and deregulate created unemployment. So, unemployment at home and offshoring taking the jobs abroad, and a third component: technological change, deindustrialization through automation and robotization. That was the strategy to squash labor.

It was an ideological assault but also an economic assault. To me this is what neoliberalism was about: it was that political project, and I think the bourgeoisie or the corporate capitalist class put it into motion bit by bit.

I don't think they started out by reading Hayek or anything, I think they just intuitively said, "We gotta crush labor, how do we do it?" And they found that there was a legitimizing theory out there, which would support that.

Since the publication of A Brief History of Neoliberalism in 2005 a lot of ink has been spilled on the concept. There seem to be two main camps: scholars who are most interested in the intellectual history of neoliberalism and people whose concern lies with "actually existing neoliberalism." Where do you fit?

There's a tendency in the social sciences, which I tend to resist, to seek a single-bullet theory of something. So there's a wing of people who say that, well, neoliberalism is an ideology and so they write an idealist history of it.

A version of this is Foucault's governmentality argument that sees neoliberalizing tendencies already present in the eighteenth century. But if you just treat neoliberalism as an idea or a set of limited practices of governmentality, you will find plenty of precursors.

What's missing here is the way in which the capitalist class orchestrated its efforts during the 1970s and early 1980s. I think it would be fair to say that at that time — in the English-speaking world anyway — the corporate capitalist class became pretty unified.

They agreed on a lot of things, like the need for a political force to really represent them. So you get the capture of the Republican Party, and an attempt to undermine, to some degree, the Democratic Party.

From the 1970s the Supreme Court made a bunch of decisions that allowed the corporate capitalist class to buy elections more easily than it could in the past.

For example, you see reforms of campaign finance that treated contributions to campaigns as a form of free speech. There's a long tradition in the United States of corporate capitalists buying elections but now it was legalized rather than being under the table as corruption.

Overall I think this period was defined by a broad movement across many fronts, ideological and political. And the only way you can explain that broad movement is by recognizing the relatively high degree of solidarity

in the corporate capitalist class. Capital reorganized its power in a desperate attempt to recover its economic wealth and its influence, which had been seriously eroded from the end of the 1960s into the 1970s.

There have been numerous crises since 2007. How does the history and concept of neoliberalism help us understand them?

There were very few crises between 1945 and 1973; there were some serious moments but no major crises. The turn to neoliberal politics occurred in the midst of a crisis in the 1970s, and the whole system has been a series of crises ever since. And of course crises produce the conditions of future crises.

In 1982–85 there was a debt crisis in Mexico, Brazil, Ecuador, and basically all the developing countries including Poland. In 1987–88 there was a big crisis in US savings and loan institutions. There was a wide crisis in Sweden in 1990, and all the banks had to be nationalized.

Then of course we have Indonesia and Southeast Asia in 1997–98, then the crisis moves to Russia, then to Brazil, and it hits Argentina in 2001–2.

And there were problems in the United States in 2001 which they got through by taking money out of the stock market and pouring it into the housing market. In 2007–8 the US housing market imploded, so you got a crisis here.

You can look at a map of the world and watch the crisis tendencies move around. Thinking about neoliberalism is helpful to understanding these tendencies.

One of big moves of neoliberalization was throwing out all the Keynesians from the World Bank and the International Monetary Fund in 1982 — a total clean-out of all the economic advisers who held Keynesian views.

They were replaced by neoclassical supply-side theorists and the first thing they did was decide that from then on the IMF should follow a policy of structural adjustment whenever there's a crisis anywhere.

In 1982, sure enough, there was a debt crisis in Mexico. The IMF said, "We'll save you." Actually, what they were doing was saving the New York investment banks and implementing a politics of austerity.

The population of Mexico suffered something like a 25 percent loss of its standard of living in the four years after 1982 as a result of the structural adjustment politics of the IMF.

Since then Mexico has had about four structural adjustments. Many other countries have had more than one. This became standard practice.

What are they doing to Greece now? It's almost a copy of what they did to Mexico back in 1982, only more savvy. This is also what happened in the United States in 2007–8. They bailed out the banks and made the people pay through a politics of austerity.

Is there anything about the recent crises and the ways in which they have been managed by the ruling classes that have made you rethink your theory of neoliberalism?

Well, I don't think capitalist class solidarity today is what it was. Geopolitically, the United States is not in a position to call the shots globally as it was in the 1970s.

I think we're seeing a regionalization of global power structures within the state system — regional hegemons like Germany in Europe, Brazil in Latin America, China in East Asia.

Obviously, the United States still has a global position, but times have changed. Obama can go to the G20 and say, "We should do this," and Angela Merkel can say, "We're not doing that." That would not have happened in the 1970s.

So the geopolitical situation has become more regionalized, there's more autonomy. I think that's partly a result of the end of the Cold War. Countries like Germany no longer rely on the United States for protection.

Furthermore, what has been called the "new capitalist class" of Bill Gates, Amazon, and Silicon Valley has a different politics than traditional oil and energy.

As a result they tend to go their own particular ways, so there's a lot of sectional rivalry between, say, energy and finance, and energy and the Silicon Valley crowd, and so on. There are serious divisions that are evident on something like climate change, for example.

The other thing I think is crucial is that the neoliberal push of the 1970s didn't pass without strong resistance. There was massive resistance from labor, from communist parties in Europe, and so on.

But I would say that by the end of the 1980s the battle was lost. So to the degree that resistance has disappeared, labor doesn't have the power it once had, solidarity among the ruling class is no longer necessary for it to work.

It doesn't have to get together and do something about struggle from below because there is no threat anymore. The ruling class is doing extremely well so it doesn't really have to change anything.

Yet while the capitalist class is doing very well, capitalism is doing rather badly. Profit rates have recovered but reinvestment rates are appallingly low, so a lot of money is not circulating back into production and is flowing into land-grabs and asset-procurement instead.

Let's talk more about resistance. In your work, you point to the apparent paradox that the neoliberal onslaught was paralleled by a decline in class struggle — at least in the Global North — in favor of "new social movements" for individual freedom.

Could you unpack how you think neoliberalism gives rise to certain forms of resistance?

Here's a proposition to think over. What if every dominant mode of production, with its particular political configuration, creates a mode of opposition as a mirror image to itself?

During the era of Fordist organization of the production process, the mirror image was a large centralized trade union movement and democratically centralist political parties.

The reorganization of the production process and turn to flexible accumulation during neoliberal times has produced a Left that is also, in many ways, its mirror: networking, decentralized, non-hierarchical. I think this is very interesting.

And to some degree the mirror image confirms that which it's trying to destroy. In the end I think that the trade union movement actually undergirded Fordism.

I think much of the Left right now, being very autonomous and anarchical, is actually reinforcing the endgame of neoliberalism. A lot of people on the Left don't like to hear that.

But of course the question arises: Is there a way to organize which is not a mirror image? Can we smash that mirror and find something else, which is not playing into the hands of neoliberalism?

Resistance to neoliberalism can occur in a number of different ways. In my work I stress that the point at which value is realized is also a point of tension.

Value is produced in the labor process, and this is a very important aspect of class struggle. But value is realized in the market through sale, and there's a lot of politics to that.

A lot of resistance to capital accumulation occurs not only on the point of production but also through consumption and the realization of value.

Take an auto plant: big plants used to employ around twenty-five thousand people; now they employ five thousand because technology has reduced the need for workers. So more and more labor is being displaced from the production sphere and is more and more being pushed into urban life.

The main center of discontent within the capitalist dynamic is increasingly shifting to struggles over the realization of value — over the politics of daily life in the city.

Workers obviously matter and there are many issues among workers that are crucial. If we're in Shenzhen in China struggles over the labor process are dominant. And in the United States, we should have supported the Verizon strike, for example.

But in many parts of the world, struggles over the quality of daily life are dominant. Look at the big struggles over the past ten to fifteen years: something like Gezi Park in Istanbul wasn't a workers' struggle, it was discontent with the politics of daily life and the lack of democracy and decision-making processes; in the uprisings in Brazilian cities in 2013, again it was discontent with the politics of daily life: transport, possibilities, and with spending all that money on big stadiums when you're not spending any money on building schools, hospitals, and affordable housing. The uprisings we see in London, Paris, and Stockholm are not about the labor process: they are about the politics of daily life.

This politics is rather different from the politics that exists at the point of production. At the point of production, it's capital versus labor. Struggles over the quality of urban life are less clear in terms of their class configuration.

Clear class politics, which is usually derived out of an understanding of production, gets theoretically fuzzy as it becomes more realistic. It's a class issue but it's not a class issue in a classical sense.

Do you think we talk too much about neoliberalism and too little about capitalism? When is it appropriate to use one or the other term, and what are the risks involved in conflating them?

Many liberals say that neoliberalism has gone too far in terms of income inequality, that all this privatization has gone too far, that there are a lot of common goods that we have to take care of, such as the environment.

There are also a variety of ways of talking about capitalism, such as the sharing economy, which turns out to be highly capitalized and highly exploitative.

There's the notion of ethical capitalism, which turns out to simply be about being reasonably honest instead of stealing. So there is the possibility in some people's minds of some sort of reform of the neoliberal order into some other form of capitalism.

I think it's possible that you can make a better capitalism than that which currently exists. But not by much.

The fundamental problems are actually so deep right now that there is no way that we are going to go anywhere without a very strong anticapitalist movement. So I would want to put things in anticapitalist terms rather than putting them in anti-neoliberal terms.

And I think the danger is, when I listen to people talking about anti-neoliberalism, that there is no sense that capitalism is itself, in whatever form, a problem.

Most anti-neoliberalism fails to deal with the macro-problems of endless compound growth — ecological, political, and economic problems. So I would rather be talking about anticapitalism than anti-neoliberalism.