



- Will Chile prove the death of neoliberalism?
- Coronavirus reveals cracks in globalisation
- ‘ ..and the leaves of the tree are for the healing of the nations’

WILL CHILE PROVE THE DEATH OF NEOLIBERALISM?¹

Of the many situations of turmoil in the world, one can learn most about neoliberalism from the Chilean example. This is because, after the 1973 coup which ousted the democratically elected government of Salvador Allende and installed the brutal Pinochet dictatorship, Chile became the chosen country to be the testing ground for the neoliberal model and ideology.

Today, it is a testimony of failure – neoliberalism’s failure. In the last month or so anger bubbled up, caused by vicious police repression of a few high school students who jumped the transit turnstiles in protest at a small increase in transit fares. The police brutality ignited parents’ anger and then the whole country. The result was at least a couple of million people taking to the streets. The repercussions go far beyond the borders of Chile, to the rest of Latin America and to the rest of the world.

Neoliberalism has allowed the rich to plunder Chile’s resources to enrich themselves at the expense of those in poverty. As Torres observes: ‘This shock doctrine was implemented under a brutal authoritarian regime thirty years in the making, through torture, violation, exile and assassination of its opponents. The policy of war applied against the left and popular organizations achieved its goals for many years but now faces the rebellion of the new generations and the ghosts of those defeated in 1973 but who never truly stopped fighting’

¹ Neoliberalism is a policy model—bridging politics, social studies and economics—that seeks to transfer control of economic factors from the public sector to the private sector, promoting free-market capitalism and reducing as far as possible government spending and regulation and public ownership.

The Chilean population has been suffering all these years under neoliberalism because the Chicago School of Economics, headed by Milton Friedman, decided to make Chile a laboratory for their theories.

Neoliberalism promotes the downsizing of the state and its withdrawal from economic activity in favour of privatization of almost everything. In Chile this meant union busting and stagnant wage levels; the removal of pension plans, free education, healthcare services, student loans, indigenous autonomy and children's rights and protections; the privatisation of water and sewage, conflicts in forestry policy, corporate tax evasion and exclusion of the role of the state in the economy. to name some of the problems. Sadly, Chile is one of Latin America's wealthiest countries but also one of the most unequal in the Organisation for Economic Cooperation and Development (OECD).

What is unique about the current revolt is that no group led the current protests against neoliberalism. The resistance was spontaneous and came from the masses. The main fight is about issues. Protesters are making 40 demands and paying a heavy price as thousands are detained, hundreds tortured and at least twenty killed. In short, the demonstrations are about rejecting the status quo. They reject decades of oppression due to neoliberal policies. As things got progressively worse, people became worried about the future and collective anger boiled over. For the protestors, enough is enough and everything needs to change. One of their most powerful slogans is: 'Neoliberalism started in Chile and it will die in Chile'.

The country's president, Sebastian Pinera, responded by enforcing a state of emergency with curfew and assigned the military to guard private property. Dissent in Chile since 1973 has been handled by an expanded police force using repression against large segments of the population. Nevertheless, Chileans are rethinking and reimagining their country. 'The state that neoliberal policies built is a culture of domination and an economic model aimed at extracting and taking possession of wealth', notes Torres. It is an assault on the concept of goods held in common in favour of the concentration of wealth among the few and the free movement of capital in Chile.

The Pinera government has been talking about constitutional change but to date there is little evidence of movement in that direction. Pinera promised a

plebiscite for April 2020 but has not responded to worker demands. According to Carlos Torres, he may try to ride out the tide of protest in the hope that things will subside.

Source: Carlos Torres, two articles, November 2019, Summary by Mary Boyd. Torres is a former activist at the World Social Forum and researcher for the Centre for Social Justice, Toronto. After years of exile from the Pinochet regime in Chile, he has returned to research and write.

CORONAVIRUS REVEALS CRACKS IN GLOBALIZATION

Marshall Auerback writing in *Other News*, states that the coronavirus has starkly exposed the dangers of offshoring² all production. Many countries now are experiencing a whole series of shortages that can only be relieved by bringing some production back home. The coronavirus will eventually pass, he writes, but the same cannot be said for the ‘Panglossian’³ phenomenon known as globalization’. ‘Stripped of the unrealistic, romantic notion of ‘a global village’, the ugly process we’ve experienced over the past 40 years has been one of governmental institutions being eclipsed by multinational corporations focussed on maximising profit for their shareholders.’ It has resembled a looting process the looting of our social wealth and political meaning.

‘In a globalized world the nation states of the past are supposed to become relics. To the extent that they are needed, good government is equated with small government. This philosophy’s main claims now appear badly exposed, as the supply chains⁴ wither and the very interconnectedness of our global economy is becoming a carrier of contagion. British writer David Goodhart states: ‘We no longer need the help of rats or fleas to spread disease – we can do it ourselves, thanks to mass international travel and supply chains’. He points out that there were many warnings the Asian financial crisis; the vast swathes of rust belts in industrial heartlands created

² Offshoring is the practice of moving some of a company's processes or services to other countries in order, for example, to lower costs or avoid taxes

³ ‘Panglossian’ means ‘blindly and inappropriately optimistic’, like Pangloss, a character in Voltaire’s novel *Candide* (1749) whose optimism often seemed quite unjustified in the circumstances.

⁴ A **supply chain** is the connected network of individuals, organizations, resources, activities and technologies involved in the manufacture and sale of a product or service.

by outsourcing manufacturing to a mighty exporting country like China; the rise in economic inequality; the decline of quality of life in industrialized societies and the 2008 global financial crisis.

Nobel Laureate Joseph Stiglitz described many of these pathologies in his book, *Globalization and its Discontents*, as did economist Barry Eichengreen, who lamented that ‘the nation state has fundamentally lost control of its destiny and surrendered to autonomous global forces’. Both men noted that globalization has been steadily destroying a working social contract between national governments and their citizens that previously delivered rising prosperity for all. To those who argue that globalization’s march cannot be reversed he suggests they should consider a parallel in the early 20th century. Globalized economic activity and free trade were dominant before the onset of World War 1. Two world wars and the Great Depression (which led in the USA to high protectionist tariffs on 900 imports), reversed this trend. It was China’s accession into the World Trade Organization (WTO) in 2001 that ushered in a new high-water mark in globalized trade.

Auerback argues that ‘nothing has blown apart the pretensions of this New World Order as dramatically as the coronavirus, a pandemic now assuming global importance, as international supply chains are severed, and global economic activity is brought to a screeching halt. We are increasingly seeing the hollow political content at the core of supranational entities, structured more to comfort merged investor groups than to strengthen public health systems’.

It is his view that the coronavirus’ most long-lasting impact may be on the European Union (EU), as it has dramatically exposed the shortcomings of the EU’s institutional structures. Italy being a user of the euro (as opposed to being an issuer of the currency) risks exposing itself to potential national bankruptcy. It needs a precautionary bailout package of 500-700 billion euro (US\$572 - \$801 billion) to help reassure financial markets that its government and banks can meet their debt payment obligations as its economic and financial crisis becomes more fearsome. He insists that decades of Brussels-imposed austerity has meant that there are not enough hospital beds, materials and staff in Europe, let alone Italy. All western countries’ economies, having largely succumbed to the logic of

globalization, are now vulnerable, as supply chains wither. China at the apex of many manufacturing supply chains, is presently in shutdown mode. Likewise South Korea and Italy. Worse, there seems to be an extraordinary lack of understanding by many multinational companies of the extent of their supply chain, ie, the full range of suppliers of the various components in their product.

‘In the USA specifically, the mass emigration of manufacturing has not only diminished American manufacturing greatly but has also seriously eroded the domestic capabilities needed to turn inventions into high-end products.⁵ The country has evolved from being a nation of industrialists to a nation of financial rentiers.’⁶

And now this model of development has exposed the USA to significant risk during a time of national crisis as the coronavirus potentially represents.’ One of the most problematic consequences is now evident in the pharmaceutical markets. Countries such as China or India are beginning to restrict core components of important generic drugs to deal with their own domestic health crises. The USA depends on China for 80% of the core components of their own generic medicines, which constitute 90% of the medicines Americans take. More and more of the manufacturing process pertaining to drugs themselves has been geographically globalized.

For now we should start by reducing our supply chain vulnerabilities. We need to build into our system what engineers call ‘redundancy’ – different ways of doing the same things – so as to mitigate undue reliance on foreign suppliers for strategically important industries, We need to mobilize national resources in a way a country does during wartime or during massive economic dislocation, such as the Great Depression. We need comprehensive government-led actions leading to the revival of a coherent national industrial policy.

Auerback concludes: ‘To save the global economy, paradoxically, we need less of it. Not only does the private-public sector balance have to shift in favour of the latter but so too does the multinational domestic environment

⁵ High-end products are the best quality or most expensive products of their kind.

⁶ Rentiers are those whose money comes from investments and property rather than work.

for manufacturing. Otherwise, the coronavirus will simply represent yet another in a chain of catastrophes for global capitalism, rather than an opportunity to rethink our entire model of economic development.

Source: ,Marshall Auerback, 'Other news, Voices Against the Tide',.,
Independent Media Institute, 3 March 2020.. Edited by Mary Boyd.

'...AND THE LEAVES OF THE TREE ARE FOR THE HEALING OF THE NATIONS'

'Then the angel showed me the river of the water of life, as clear as crystal, flowing from the throne of God and of the Lamb down the middle of the great street of the city. On each side of the river stood the tree of life, bearing twelve crops of fruit, yielding its fruit every month. And the leaves of the tree are for the healing of the nation.'
(Revelation 22. 12)

The *Age of Industrial Affluence* in which human material advancement has occurred through the destruction of natural ecosystems, is ending. We are well into the *Age of Ecocide* as the depletion of natural capital – water, soil, atmosphere, fish, wildlife – exceeds its capacity to regenerate.. At the same time, and as a direct result, human societies are distressed. Shocking levels of inequality exist : billions lack basic needs as a small minority live a life of grotesque opulence. Both extremes further squeeze the Earth. And, just as surely, entering this new era of natural scarcity leads to greater competition between individuals and between nations, and to spiralling conflicts.

As an atheist, I'm not one to quote Scripture. Yet I recently became aware of the Bible verse, 'The leaves of the tree are for the healing of the nations' and it deeply resonates with me. It contains an important secular truth that nations and their peoples are ultimately dependent upon the productivity and ecological health of their land, water, air, and seas. From trees and related natural ecosystems come the food,

fibre, air, water and livelihoods upon which the wellbeing of human and kindred life is utterly dependent. And when societies are in despair, it is ultimately nature and trees which can best heal the wounds of greed, war, and personal pain.

Innumerable cultural traditions have understood humanity's oneness with, and utter dependence upon, trees and nature. Two directions are possible: the ecological richness that still survives can be eliminated in a futile attempt to prop up continued exponential growth. Or the pressure can be taken off the leaves of the tree; and natural ecosystems assisted to regenerate, expand, reconnect, and ultimately become fully productive again. There exist hundreds of millions of denuded acres globally that can immediately be identified as zones of ecological restoration. Ecosystem restoration of landscapes across bioregions can ultimately lift the souls of dispirited citizens, provide continuously for their righteous livelihoods, regenerate the health and wellbeing of entire nations, while ensuring sustainability of our one shared biosphere.

Together the human family has arrived at the point where only the leaves of the tree can heal the nations. We have one last chance, and a closing window of opportunity, to restore the ecosystems that humans need to both survive and thrive. We must power down, demilitarise, reject industrial ecocide, and embrace centuries of ecological restoration.

Source: Dr Glen Barry, Global Ecological Restoration, 20 January 2020, Ecoinetnet info@ecoinetnet.org Edited by Alison Healey..

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