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Winds of change

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JUST as we were all 'globalisers' a couple of years ago, now, it seems, nobody wants to defend the excesses of what was recently regarded as unstoppable as a force of nature.

Faith in neo-liberalism, which has swept the world for the past two decades with the power of a religious cult - a kind of economics of the Moonies - now lies shattered, and only its most hardened defenders still repeat the stale incantations. Among these is Tony Blair, who leads a party which, in an epic paradox, originally came into existence precisely to rein in the ferocities of free markets.

But everywhere else, the air is filled with the lamentations of repentants. Time magazine, in its Sept 14, 1998 issue, admitted that 'Much of the world simply doesn't have the values needed for free markets. We pretend otherwise. Now comes the reckoning.'

What strange exercises in cultural relativism have now dented the certainties of the day before yesterday! Were the cultures of Asia and Africa unknown before 'market reforms' were wished upon them, or did the exaltations of free-market cult members blind them to the obstacles to an exuberant globalisation? How strange, too, that a hedge fund with two Nobel prize winners on its board, and another which boasts Margaret Thatcher as adviser, should falter.

Martin Wolf in the Financial Times asked, 'If market failures (specific to finance) are - by the admission of the torchbearers of orthodoxy - that significant, how can one be absolutely sure these markets should, in other respects, be left free?'

How astonishing that dogmas which recently commanded the ascent of all the right-thinking, Right-thinking opinion-formers and moulders of public attitudes, those who police the limits of admissible thought, should prove so fragile; and how surprising that from one day to the next they can move effortlessly from know-all arrogance to humility and penitence; and the day after to the enunciation of new certainties. Now the seers of globalisation can retrodict with amazing clarity everything they failed to predict only a year ago.

Even more remarkable has been the volte-face of the former apostate Marxists of Marxism Today, regretting their earlier recantation, and blaming Blair for the uncritical embrace of the free market which they had urged upon us all, in their joyful celebrations of consumerism, the market and capitalism's version of the realm of freedom.

There is, of course, no phenomenon so malign and so cruel that it cannot find legions of ingenious and clever people falling over themselves to declare that it is as necessary and inevitable as it is beneficial for humanity. Sycophancy and the suspension of any imaginative understanding of the suffering of others were among the characteristics of the present penitents of free markets, the recanters of globalisation, the converts from a liberalisation without end, the imposition upon every country in the world of the nostrums and doctrines which have contributed to the famous (and non-replicable) success of the United States.

That such values - named, in their export-packaging, 'structural adjustments,' 'integration into the global economy,' with their mantras of deregulation, liberalisation, lowering of taxes, decrease of government expenditure - have demonstrably made the poor poorer is not in dispute. But they have clearly also made the rich richer, and have seen to it

that those who have descanted endlessly upon the absence of alternatives, should have their rewards. Now the scales can fall from their eyes without pain: they, too, are all so much better off than they were before they embraced the misty revelations of neo-liberalism.

Now all is changed. Economists, aghast at Prime Minister Datuk Seri Dr Mahathir Mohamad's imposition of capital controls, appalled by the spending by the Hong Kong authorities of US\$14 billion to shore up the Hang Seng index, now give guarded support to such intervention. Experts who had scoffed at Keynesianism as outmoded, those who had preached the model of the Asian tigers with their admirable virtues of hard work and devotion to family values, which saved their governments costly welfare payments (and at the same time used them as a stick to beat the lazy workers of the West) move seamlessly from their panegyrics to the free market to equally fervent praise of the virtues of 'regulation,' of 'transparency.'

The chairman of the Financial Services Authority in the United Kingdom tells MPs, 'There can be dangers in complete capital account freedom.' Even the Financial Times declares magisterially that there is an argument for temporary capital controls in times of crisis. The wisdom of capital market liberalisation is transformed, in the blink of an eye, into the need for strong regulation.

They cannot bear to be wrong, the late savants of globalisation, the confounded prophets and proselytisers of deregulation, the luminaries of liberalisation. They move effortlessly from one authoritative view of the world to another, without transition, without hiatus.

When free markets disadvantage the poor, oust small farmers and indigenous communities from livelihood and traditional environments, this is the price that must be paid. But when free markets menace the rich, then of course governments must intervene, must turn private debts into public liabilities, must recapitalise banks and put together packages, the 'international community' must organise bail-outs and reforms to save the bacon of privilege.

Other views were never tolerated; ridiculed, marginalised, their proponents accused of what has become the closest thing contemporary society comes to blasphemy - the sin of 'talking down the economy.' Paul Volcker, former chairman of the Federal Reserve Board, spelled it out in the Financial Times on Oct 7, 1998: 'A year ago, to express that view i.e. that we must be willing to re-examine the way we have organised (or failed to organise) the international financial system was enough to question my allegiance to all that is holy and good: the sanctity of markets and their unfailing ability to adjust...'

'The sanctity of markets.' This is why it has been necessary to couch all economic utterances in terms that will not harm the health of markets, market sentiment, the violent mood-swings of markets. The language of finance is now scripture. It is clear that we have anthropomorphised our own creation, and then elevated it into a deity. Here is religion in the making.

Forget any nonsense about our 'secular society.' There is no such thing. Humanity has always made sacred that which it depends upon for survival. This is why so-called primitive societies worship the spirits of trees, earth or animals, for these are the instruments of continuity and survival. We, it turns out, are no different; except that our survival depends upon the vagaries of markets.

No matter how much the workings of the market harm the people - and even after the disaster of Thailand and Indonesia, the catastrophe of Russia, the damage to humanity was secondary to the 'health of the fundamentals,' the underlying soundness of the economy. This has become an autonomous

thing, of such power that human beings can only prostrate themselves before it, appease its awful unpredictable majesty. But how odd that the Left, still athirst for certainty, and imbued with a sense of historical inevitability, should have switched its need for an overarching ideology from the ashes of Marxism to the certitudes of free markets. There is less discontinuity than might appear. The ideological hunger remains; the object of its fixation is arbitrary. But where can it settle, when it has seen two paradigms shattered within a decade? Where are these converts, these repentants to go now? Where will they find shelter for their houseless faith among the ruins of Marxism and the detritus of globalisation? Where can they repose trust and the need to believe when their version of market animism bites the dust? When the voice of retrospective wisdom is heard, those whom no revelations astonish, hastily re-assemble the shards of faith, like someone trying to mend a precious vase that has fallen from its stand. They declare that what we have seen is not 'real capitalism,' but some version of it which has depended upon cronyism, lack of transparency, insufficient information. The 'architecture' of the temple must be reconstructed: beautifully wrought, transparent architecture, in which the ark of the covenant, the sanctity of markets, will be secure. In other words, some new variant of market fundamentalism is waiting to be born. No doubt some fresh fad will arise in place of the late worship of unfettered markets. Maybe a suitably refurbished Keynesianism, a discovery that not all State attempts to protect its people are malignancies on the sunny patch to universal happiness; that social breakdown, hunger, violence and environmental disaster are not simply unfortunate byproducts of the wealth-creation which alone will cure them. This new perception will then be seized upon as a new revelation, elevated into dogma, propounded as Truth for a time. And at length, when this exhausts itself against whatever reality strips it of credibility - intolerable inequalities or ecological ruin - it will send its votaries out into the wilderness to rehabilitate neo-liberalism again; which will then burst upon a forgetful world with the graveyard revelations of laissez-faire once more.