

REVOLUTION, RECONCILIATION AND TRANSFORMATION

THE LEGACY OF MANDELA

By Joel Netshitenzhe

The author is the executive director of the Mapungubwe Institute for Strategic Reflection (Mistra) and former head of the policy and coordination advisory unit in the Presidency.



Joel Netshitenzhe

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It is appropriate that we should, on this day of Nelson Mandela's birthday, interrogate questions about reconciliation and transformation in the context of

his legacy. In a sense, Mandela was a representation of our being as a nation, an embodiment of what we stand for and aspire to. But it should also be acknowledged that, repeated as ritual, the words of praise can become the stuff of folklore, they can lose their meaning, they can become tiresome and annoying, and they can evoke dissent. This would be more so when elements of Madiba's legacy are selectively cited out of context, or extracted and presented for opportunistic gain.



The popular mythology can overlook the fact that Mandela and his peers mobilised for intensified mass action and the initiation of armed struggle.

I proceed from the premise that today's seminar seeks to encourage us to learn from history, to interrogate and challenge its varied interpretations, and to draw appropriate lessons for the long walk that is not yet ended.

REVOLUTIONARY RECONCILIATION

The notion of reconciliation has become intimately associated with the Mandela name, both in South African and global discourse. This is often done by selecting a particular moment in history – the 1990s – and elevating that moment as representative of the totality of Mandela's leadership attributes. Important and defining as the transition was, the popular mythology about Mandela and reconciliation can overlook the fact that, during the long years of struggle, when it became apparent that fundamental change could not be extracted from the powers-that-were, Mandela and his peers mobilised for intensified mass action and the initiation of armed struggle.

When they were released from prison, some two-and-a-half decades later, the apartheid regime had come to the realisation that it could not defeat the popular revolt that had

engulfed the country. However, the liberation movement had, in that period, not mustered the capacity to forcefully defeat the apartheid regime. As a consequence, the leadership of the contending forces came to the conclusion that continued conflict would result in a wasteland, with none of the constituencies benefitting much from such an outcome.

Regarding such moments of intense social conflict, we can take a leaf from Marx and Engels, from a little-noticed phrase in the very first paragraphs of the first chapter of *The Communist Manifesto*:

The history of all hitherto existing society is the history of class struggles.

Freeman and slave, patrician and plebeian, lord and serf, guild-master and journeyman, in a word, oppressor and oppressed, stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight, a fight that each time ended, either in a revolutionary reconstitution of society at large, or in the common ruin of the contending classes.

In other words, a moment that contains the potential for revolutionary change can, depending on the balance of forces, or through adventurist mishandling, result in a destructive meltdown from which neither of the contending forces benefit. Those are the trade-offs that the leadership then had to weigh and the choices they had to make. The question of course is whether, having averted “the common ruin” of the contending forces, South African society has been able to attain the ultimate purpose, which is the revolutionary reconstitution of society, or at least significant progress towards that goal. We’ll come back to this question later.

What is critical, from a conceptual point of view, is that the theory and praxis of reconciliation in the South



Reconciliation was, in fact, an instrument of revolutionary change.

African setting need to be understood as more than the cuddly embrace of Mandela and the Rivonia grandfathers. Reconciliation was, in fact, an instrument of revolutionary change.

What do we mean by this? Firstly, given the global and domestic balance of forces then, it became necessary to use negotiations as a means to capture a beachhead – a springboard – from which to attain the long-term objective of consistent racial and gender equality in political, social and economic relations within South African society.

Secondly, with South Africa’s reality of “colonialism of a special type”, characterised by a large settler community that has developed deep roots in the country, the responsibility of transformative leadership was to lead that settler community as well – through persuasion, incentive and disincentive – to make them realise that their long-term interests could only be served by the liberation of the majority of the people, which in turn would also constitute their own liberation.

Thirdly, the zigzags in the long walk – the compromises – were means to an end, and not an end in themselves. The end is articulated in the basic law of the land. On the fundamental principles defining constitutional democracy, as the negotiators of the time will tell you, Nelson Mandela more than anyone else was not prepared to compromise. As a consequence, we emerged from negotiations with a constitution that not only guarantees political freedoms,

but also encompasses economic, social, environmental, gender and informational dimensions. This is consistent with what the liberation movement had stood for, historically, as illustrated in documents such as the African Claims of 1943 and the Freedom Charter a dozen years later.

And so we had, nestling together in splendid combination, tactical acumen to navigate a delicate transition without compromising on the content of the ultimate objective of a humane society. In the midst of that transition, a constitution that enshrines the framework for the “revolutionary reconstitution” of South African society was fashioned by a democratically elected constitutional assembly in the wake of mass popular consultations.

DON’T BLAME THE CONSTITUTION

Mandela fully appreciated that reconciliation and restoration were conjoined. It is in this context that, over and over again, he consistently coupled “nation-building and reconciliation” with “reconstruction and development”. It is critical to emphasise this, because the impression is sometimes created that the Constitution is to blame for the woes that persist in our society, particularly the high rates of unemployment, poverty and inequality.

The land issue illustrates this even more starkly. We are all aware that the target to ensure that 30 percent of the land is owned by black people by 2014 – through the restitution and redistribution process – has not been attained, and will take many more years. Now, some have laid this deficit at the door of the constitutional settlement. Is this in fact true? To quote former Deputy Chief Justice Dikgang Moseneke, in his keynote address at the 2014 MISTRA Conference on Twenty Years of Democracy: >>

The Constitution does not protect property. It merely protects an owner against arbitrary deprivation. Deprivation that is not arbitrary is permissible. The property clause does not carry the phrase “willing buyer, willing seller”, which is often blamed for an inadequate resolution of the land question. The state’s power to expropriate does not depend on the willingness of the landowner. The compensation may be agreed; but if not, a court must fix it. The compensation must be just and equitable and not necessarily the market value of the land. Market price is but one of five criteria the Constitution lists for a court to set fair compensation. The property clause is emphatic that the state must take reasonable measures, within available resources, to enable citizens to gain access to land on an equitable basis ...

In twenty years our Court has not resolved even one case of land expropriation under the property clause by government for a public purpose. Similarly, in the same time the courts have never been called upon to give meaning to the property clause in the context of land expropriation or to decide on what is a just and equitable compensation. One would have expected that a matter so pressing as land use, occupation or ownership would predominate the list of disputes in the post-conflict contestation.

In other words, the political settlement of the 1990s created a framework for thoroughgoing socio-economic transformation. That framework, as enshrined in the Constitution, enjoys the support and allegiance of the overwhelming majority of our society.

One assumes that we are all familiar with the recent community survey released by Statistics South Africa,

registering the macro-social changes since Census 2011. From these and other data, we are able to confirm that, building on the constitutional framework, we have together changed the social profile of our nation in terms of, among others, educational attainment, access to water, electricity and other basic services, people living below the poverty datum line, life expectancy, and absolute number of people in employment.

However, to each achievement, there is a qualification. More people may be employed, but their proportion of the economically active is much lower today. More people may have access to basic services, but the quality of these services leaves much to be desired. Fewer people may be living below the poverty datum line, but the intensity of poverty has increased. Income inequality between black and white may have declined, but inequality within the black community has increased – and slightly over 50 percent of national income accrues to the richest 10 percent of households while the poorest 40 percent of households receive just above 5 percent of income.

What is the relevance of this to reconciliation and transformation? If, as Mandela argued, these objectives need to be coupled – if one element is conditional on the other – then we should accept the reality that reconciliation of the South African nation is nothing more than work-in-progress. The belief that we reconciled under the first democratic national administration and that this reconciliation unravelled after Mandela is misplaced.

With the advantage of hindsight, it can be argued that we could have moved much faster on a number of fronts. But we should not exaggerate that possibility. The policy choices made had to take into account objective realities such as the availability of resources, the inherited

macroeconomic environment and the global macroeconomic paradigm. There are also subjective factors that inhibited faster movement. To the extent that some of them may still prevail, or that new inhibiting factors have emerged, we need to critically interrogate whence they originate, so we can address them and move onto a higher trajectory of growth and development.



The leadership leaves much to be desired, with some showing the middle finger to state legality and legitimacy.

IGNITION POINT

The social tinder that is South African society – reflected in the levels of poverty, unemployment and social exclusion – is today threatening to catch fire on a grand scale. This is in part because the historically privileged continue to rationalise entitlement; greed continues to manifest in income differentials that defy description; and workers and the poor are not embraced as kindred spirits but seen as irritants.

The social tinder that is South African society is becoming more flammable because the hope that has sustained the poor is starting to dissipate. Expectations rise with progress: those who do not have access to basic services can no longer live on promises, and those with access expect better quality. The decline in the sense of hope also derives from poor state capacity, one element of which is a result of poor employment

decisions in government, instability in senior management structures, and irrational approaches that encourage mediocrity and venality in state-owned enterprises.

The social tinder that is South African society is showing signs of greater combustibility because the experience of the business community in a number of areas does not inspire confidence, such as the irrationality of some policy decisions; the intercession of those who have captured elements of the state to block programmes from which they cannot extract rents; and the gap between lofty pronouncement and practical action –for instance, in relation to treatment of the leadership of the National Treasury.

The social tinder that is South African society threatens to ignite because the conduct of elements of the leadership leaves much to be desired, with some showing the middle finger to state legality and legitimacy. In so doing, they create an opening for those who have all along sought to undermine transformation to crawl out of the woodwork and act out their racist ideas. Through arrogance, some leaders seem so taken up by the power they temporarily wield that they can, by commission or omission, sabotage the cause of social transformation.

All this boils down to quality of leadership, across all sectors of society. In steering South Africa out of possible conflagration, Mandela and the corps of leaders who led the negotiations process understood that each sector of society had a role to play.

In my view, it is in part because of a weakness of leadership – especially in the white community – that elements of the founding political pact were sullied. While the liberation movement under Mandela’s leadership continued to counsel caution and patience within its constituency, the National Party withdrew from the Government of National Unity and the Democratic Party adopted a “fight back” approach

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All sectors have to embrace the discomfort of making compromises without abandoning the ultimate objective.

that encouraged resistance to change. Both parties played to the base instincts of a white community that was apprehensive about social transformation. This had the effect of hardening attitudes.

But that is about history! Today, South Africa has an appropriate frame of reference for a new level of partnership: to translate the political pact of the 1990s into a social compact as envisaged in Vision 2030 and the National Development Plan. If each sector of society – including

government and each individual department and state entity, the business community, economic sectors and individual enterprises, workers’ federations and individual unions, civil society entities across the board, political parties, and indeed all of society – were to identify and implement actions required of them to realise objectives set out in the National Development Plan, we will be able to move South Africa onto a higher growth and development trajectory.

As with Mandela’s generation, this will require an appreciation of the imperatives of the commons, and how sectoral interests can be pursued while taking these imperatives into account. In the same manner that they steered the transition, all sectors today will have to embrace the discomfort of making compromises without abandoning the ultimate objective, appreciating that the path to a better life is protracted. In Mandela’s own words: “with freedom come responsibilities, and I dare not linger, for my long walk is not yet ended”. [NA](#)



13 THINGS YOU NEED TO KNOW ABOUT NEOLIBERALISM

By *Kate Bayliss, Ben Fine, Mary Robertson and Alfredo Saad-Filho*¹

This is an edited abridgement from Financialisation, Economy, Society and Sustainable Development (FESSUD), an extensive EU-funded research programme. Its findings are based on case studies that examined the systems of provision (SoPs) for water and housing in five selected locations: UK, Poland, Portugal, South Africa and Turkey. This paper focuses on the nature and impact of neoliberalism in these sectors and more broadly.

INTRODUCTION

The current “age of neoliberalism” has already lasted beyond one generation – exceeding the lifetime of the preceding Keynesian “golden age” – and there are no signs that it is about to give way. The solidity of neoliberalism, its continuing ability to renew itself and intensify its hold on governments and societies despite economic volatility and the depth of the current crisis warrants recognition and detailed investigation.

While what follows is a stocktaking exercise, delivered to some degree in popular and stark form, it gains depth from three sources. One is longstanding scholarship on neoliberalism itself. Another is being able to view, and to present, neoliberalism in light of the global crisis. The third is to have illustrated the nature of neoliberalism through comparative case studies around the provision of housing and water, themselves situated in the broader context of study of the impact of



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financialisation on economic and social functioning.

The case studies used the *systems of provision* (SoP) approach to sectoral research, which is based on the understanding that *sector outcomes emerge from relations between agents which are themselves embedded in historically evolved social and economic structures and processes*. This is in contrast to orthodox economic approaches that view the world in terms of deviations from an idealised, market-like condition, subject to correction through regulation or otherwise.

This examination ranges across 13 aspects of neoliberalism. They include the argument that neoliberalism is not reducible to a cogent ideology or a change in economic or social policies, nor is it primarily about a shift in the relationship between the state and the market or between workers and capital in general, or finance in particular. Instead, neoliberalism is a stage in the development of capitalism underpinned by financialisation.

Neoliberalism is highly diversified in its features, impact and outcomes, reflecting specific combinations of scholarship, ideology, policy and practice. In turn, these are attached to distinctive material cultures giving rise to the “neoliberalisation” of everyday life and, at a further remove, to specific modalities of economic growth, volatility and crisis. Finally, this paper argues that there are alternatives, both within and beyond neoliberalism itself.

THE 13 THINGS YOU NEED TO KNOW

1. *Neoliberalism represents a new stage in the development of capitalism emerging in the wake of the post-war boom.*

Neoliberalism has generally been understood in four closely related and not always easily separable ways: (a) as a set of economic and political ideas; (b) as a set of policies, institutions and practices; (c) as a class offensive against the workers and the poor; (d) as a material structure of social, economic and political reproduction underpinned by financialisation – in which case, neoliberalism is the current stage of capitalism.

Our own starting point is approach (d), which raises three questions about how we see “stages of capitalism”. Firstly, we define a stage of capitalism through the distinctive ways in which economic reproduction (the accumulation and exchange of value) is organised and reorganised and its implications for social reproduction (non-economic structures and processes, including the political and the ideological). As Dardot and Laval (2013: 14) rightly put it, in their 2013 *The New Way of the World: On Neoliberal Society*, “the originality of neoliberalism is precisely its creation of a new set of rules defining not only a different ‘regime of accumulation’, but, more broadly, a different society”.

Secondly, we note the general agreement about previous stages that some sort of laissez-faire period in the nineteenth century gives way to a more monopolistic stage in the first half of the twentieth century, which then passes to a Keynesian or Fordist stage with significant state intervention.

Thirdly, stages of capitalism are distinguished by global and not merely national conditions. Different countries exist within, and influence, the dominant stages of global capitalism in different ways. This has implications for the variegated outcomes in different arenas.



The creation of financial assets is an intrinsically speculative activity that tends to become unmoored from production.

2. *Neoliberalism is not reducible to a coherent ideology, but is attached to a spectrum of ideas that help to rationalise current conditions, sway state policy and help to steer political and other contestations.*

The fraught relationship between neoliberal policy and ideology, and the often-incoherent nature of the latter, is evident in the way that homeownership has been promoted and pursued. For example, privately owned houses are portrayed as both an investment asset and as more “homely” places of comfort and

security. These conceptions occupy an uneasy coexistence in neoliberal rhetoric. The common element, such as it is, would be a preference for self-reliance through the market, and a presumption against collective forms of provision, particularly via the state.

Here, housing dovetails with the pro-market, anti-state interventionist stance that pervades neoliberal ideology more generally. In practice, housing policy has been much more pragmatic. The rhetoric of non-intervention has provided a smokescreen behind which states have intervened, often heavy-handedly, to abet the transformation of housing into private assets.

Another feature of neoliberal housing policy has been the decentralisation of responsibilities to local government units. In South Africa, the post-apartheid constitutional right to decent housing was developed at the national level, but the onus for fulfilling this right has been progressively transferred to municipal governments. The delivery model has favoured sprawling and peripheral developments, which by nature have high infrastructure costs and low tax intakes that, in turn, increase the burden and reduce the proceeds of delivery.

Consequently, municipalities have been denied a say over the shape of housing policy even as their ability to meet their responsibilities has been undermined. The national government eventually realised these limitations and sought to rectify them by shifting policy away from mass unit production and towards “sustainable human settlements”. This served to increase drastically the demands placed on municipal authorities that had neither the resources, the capacities nor, on occasion, the political will to deliver them.

Neoliberal ideology has also taken root in all of the water case- ➤

studies, with each country adopting remarkably similar policies in the early 1990s, including commercialisation, corporatisation, decentralisation and privatisation. These are underpinned by a neoliberal logic purporting to turn policymaking into a technocratic process removed from political influence. Hence, water is increasingly reduced to the status of an “economic” rather than a “public” good, with the increasing presumption that prices need to reflect costs, and billing should relate to individualised consumption. This has led to widespread pricing practices based on “cost recovery” and “user pays”, intended to lead to more efficient price signals. More specifically, water consumption has increasingly been metered so that individuals are responsible for managing their own consumption. The neoliberal package has become the only available option with policy debates increasingly narrowing around details such as “willingness to pay” and “value for money”.

As is occasionally acknowledged, there are unavoidable ambiguities in calculating a cost-recovery price for a natural resource with network effects and extensive externalities in provision. In practice, water prices are contested and subject to bias. In Portugal and Poland, local authorities try to keep costs down to garner political support, while in England and Wales, private water companies are trying to increase the prices to end users.

Decentralisation, one of the more problematic neoliberal water policies, is particularly significant in South Africa with its entrenched regional inequalities. The provinces with the higher levels of poverty are the ones with the lowest rates of water access. More generally, decentralisation has created fragmented structures. In Poland, 2 479 local authorities are responsible for water provision.



The weakening power of labour has led to its systematic exclusion from policymaking.

3. Neoliberalism is not the mirror image of, or a reaction against, Keynesianism (itself often inadequately seen as the explanation for the post-war boom).

A simplistic dualism fails to acknowledge the broad and deep economic and social transformations that have been wrought by neoliberalism, and their reflection in scholarship, ideology and policy in practice. The one-dimensional description of neoliberalism’s promotion of market economy tends to induce a shallow opposition between neoliberalism and Keynesianism, as if the former could be reduced to the rollback of the latter. In turn, Keynesianism is often specified in terms of state intervention and collectivised forms of provision that might progress to socialism through incremental reform.

Even acknowledging that Keynesianism is associated with progressive state intervention, the post-war boom was not driven by incremental socialism but by economic and social restructuring. The internationalisation of all forms of capital – especially productive capital – came to the fore, with the state playing a big role through both national and international corporate champions. In turn, Keynesianism collapsed because of the transformations it supported and contradictions within its own policies.

It follows that neoliberalism and the potential for overcoming it cannot be encapsulated in conventional debates about manipulating demand and other macroeconomic variables in order to deliver rapid and stable accumulation. This bypasses the problems of economic and social restructuring and reproduction. Even if alternative policies are identified, the means to secure them against neoliberal imperatives of the market and globalisation remain unaddressed.

Neoliberal policies have brought about profound changes in social structures. The Thatcher government’s privatisation programme of the 1980s specifically and effectively set out to dismantle the power of trade unions in the UK. Water institutions have been restructured, underpinned by a neoliberal ethos that is difficult to reverse. Sophisticated financial practices are deeply embedded: even public companies engage in hedging and use derivatives while issuing international bonds, and public utilities are ranked by global credit ratings agencies.

Furthermore, water privatisation in the context of globalisation has led to a fundamental shift in the locus of sector control. Ownership stakes in water utilities are sold around the world, and national boundaries may have little significance. Both of the remaining water privatisations in South Africa have now been bought by Singapore-based Sembcorp, which also owns an English water company. The neoliberal model of a) large numbers of small companies; b) competitively engaged with one another; c) at a local level; and d) subject to some combination of market and decentralised democratic accountability is a myth of massive proportions in every respect!

By the same token, understanding neoliberalism as a reaction against Keynesianism means overlooking the increasing subordination of national infrastructure to global provision



The operation of key neoliberal macroeconomic policies requires potentially unlimited state guarantees to the financial system.

in the context of financialisation. Governments need to maintain an attractive climate for investors, and this affects the regulatory process.

Housing has similarly undergone major restructuring that cannot be understood as the mirror image of Keynesianism. First, most of the case study countries never experienced a welfare state and had no Keynesian-style social housing provision to react against. Second, the shift towards treating housing as an asset meant that state support for housing provision was residualised. Third, housing has been subject to heightened international investment in mortgages and their derivatives, and in real estate directly, embroiling housing and housing-related debt in global financial networks.

4. Neoliberalism is not primarily a shift in the relationship between the state and the market.

Analytically, the market-state dualism is insufficient because neoliberalism is not defined by the withdrawal of the state from social and economic reproduction. As Wacquant (2009: 307) suggests:

[a] central ideological tenet of neoliberalism is that it entails the coming of “small government”: the shrinking of the allegedly

flaccid and overgrown Keynesian welfare state and its makeover into a lean and nimble workfare state ... stressing self-reliance, commitment to paid work, and managerialism ... [But] the neoliberal state turns out to be quite different in actuality.

Under neoliberalism, state institutions intervene in specific ways that tend to extend and/or reproduce neoliberalism itself. Exactly the same is true of other systems of accumulation. In all these cases, the roles of “the state” and “the market” cannot be usefully identified through simplistic opposition. Instead, the relevant patterns of accumulation, restructuring and social and economic reproduction can be understood only through concrete and historically specific analyses. These must include the interaction, contestation and cooperation among specific institutions within and beyond that putative divide, and the underlying economic, political and ideological interests that act upon and through them.

In practice, state provision achieved much in the past, and this has become the basis for privatisation, for example, in the availability of productive facilities. In both the UK and Poland, a substantial share of the total housing stock is state-built, including some of the better quality stock. Yet these successes are rarely recognised, and public provision is deemed to be inferior to private provision, often on the basis of casual or flawed studies.

Second, state intervention has been transformed rather than simply reduced under neoliberalism. While the overall logic remains to promote economic and social reproduction and the restructuring of capital, the interests of finance have increasingly come to the fore. Systems of provision for housing and water illustrate both the diversity of developments under the post-war boom and how they have been transformed under neoliberalism.

The deficiencies of market-state dualism are exposed by observing the multiple ways in which the state intervenes in provisioning. In housing, the state shapes land use, development and house-purchase finance, private production and other alternatives, and the tax, subsidy and benefit regimes that underpin consumption decisions. The character of state intervention has changed under neoliberalism, but seldom in ways that can be characterised as a withdrawal. Even in the UK and Poland, the state has continued to intervene on the demand side in the form of mortgage subsidies. Another example in housing policy is a distinct reluctance to allow land to be diverted from its highest value commercial use. Turkey provides a stark illustration of this, where authoritarian, and at times violent, measures have been taken to make high-value urban land available to private developers.

Neoliberal housing policy is best characterised in terms of its restructuring in the interests of private capital. Notwithstanding important national and regional diversities, it has tended to promote owner-occupation; apply a commercial rationality to land use; generally rely on the private sector for provision of new build and repair and maintenance; and allow a minimal, often dysfunctional, safety net, in which the private sector again plays a central role in delivery. States have intervened to support all aspects of this neoliberal housing agenda, though in wildly different ways depending on context. In South Africa, the spread of homeownership among the poor, black population has been pursued through supply-side subsidies, with the explicit aim of equipping them with an asset that would allow them to move up the property ladder. This is made no less true by having proved largely unsuccessful. >>

5. Neoliberalism is underpinned by, although not reducible to, financialisation.

Financialisation has often been imprecisely used as a buzzword to reflect the greater significance of finance in economic and social reproduction in recent decades, and the growth and proliferation of financial assets. Our more specific view focuses on the role of finance as (interest-bearing) capital. Financialisation marks a departure from the past precisely in this aspect, and the heightened pursuit of financial returns at the expense of production. With this extension of money-capital embodied in an array of (more or less esoteric) financial assets, so grows the influence of finance over resource allocation – including the flows of money, credit and foreign exchange and, correspondingly, the level and composition of output, employment, investment and trade, and the financing of the state.

The creation of financial assets is an intrinsically speculative activity that tends to become unmoored from the constraints of production. The ensuing tensions lead to a number of characteristic outcomes: the diffusion of “short-termism” in economic decisions, through purely speculative activities and also securitisable long-term investment in pursuit of immediate profitability at the expense of productivity growth; the imperative for appropriating surplus out of finance; and the explosive growth of rewards to high-ranking executives in every sector, especially finance itself, fuelling the concentration of income under neoliberalism. These financialised forms of accumulation are mutually reinforcing, but they can also dysfunctionally diverge (see *the twelfth thing*).

This view has four significant implications. First, financialisation underpins neoliberalism analytically,

economically, politically and ideologically, and it has been one of the main drivers of the restructuring of the global economy since the 1970s and is the defining feature of accumulation today. Second, institutional transformations have expanded the influence of finance over the economy, ideology, politics and the state. Third, contemporary financialisation derives from both the post-war boom and its collapse into the stagflation of the 1970s. Fourth, it has been closely associated with the increasing role of speculative finance in economic and social reproduction. However, financialisation, like neoliberalism, is uneven in incidence and outcomes, contingent upon whether and how its imperatives are realised, or not.

6. Neoliberalism does not merely involve a change in policies that could, in principle, be readily reversed.

The neoliberal “policy reforms” implemented through Reaganism, Thatcherism and the Washington Consensus are supported by five theoretical planks:

- a dichotomy between markets and the state as rival and mutually exclusive institutions
- the assumption that state intervention wastefully distorts prices and misallocates resources (in comparison with an idealised market), induces rent-seeking and fosters technological backwardness
- the belief that technological progress, the liberalisation of finance and capital, and the systematic pursuit of “shareholder value” have created a “global economy” characterised by rapid capital mobility within and between countries, in which rapid growth comes through the prosperity of local enterprise and the attraction of foreign capital



Neoliberalism’s attachment to classical liberalism and political democracy is hedged and conditional.

- the presumption that efficiency, stability and growth are conditional upon low inflation, which is best secured by monetary policy at the expense of fiscal, exchange rate and industrial policy tools
- the realisation that the operation of key neoliberal macroeconomic policies (e.g. liberalised trade, financial and labour markets; inflation targeting; central bank independence; floating exchange rates) requires potentially unlimited state guarantees to the financial system, which remains structurally unable to support itself despite its escalating control of social resources under neoliberalism.

Crucially, and more fundamentally, neoliberalism has also changed the conditions within which policy is conceived, formulated and implemented—which, in turn, constrain the reversal of such policy and ideology and the emergence of alternatives in principle and practice.

As was seen (*the third thing*), changes to housing provision under neoliberalism restructured the agents, processes and relations that underpin supply and demand. The role of the state has been transformed in ways that cannot be easily reversed. This is true even in countries such as South Africa, where the state continues to

play an active role in financing and overseeing development, because actual delivery is carried out by the private sector. Planning processes have been reconstituted around commercialised land use, growth partnerships with business interests, and inter-regional competition. The difficulty is compounded by the emergence of new groups with vested interests in current forms of provision, such as mortgage lenders and homeowners themselves, who have acquired wealth through credit-inflated capital gains. The scope for reversibility is further narrowed by the marginalisation of some groups in policy-making processes. Most notable for housing is an increasingly casualised labour force and the relegation of social-housing safety nets to a residual role within a narrative of “self-responsibility”.

The neoliberalisation of water has led to profound changes in attitudes that have gained traction through a discourse of “scarcity”. Neoliberal water pricing, also known as “demand management”, is based on the idea that consumption will be more appropriate if the price of water reflects its true cost. The financial crisis has also been used to promote a context of financial scarcity. Neoliberalism is now deeply attached to environmentalism and fiscal restraint, such that a reversal could be construed as leading to environmental and financial profligacy.

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The ideology of “self-responsibility” deprives citizens of their collective capacities, agency and culture.

The micro-level policies of pricing and commercialisation are enmeshed in macro and global concerns.

The harnessing of the market to non-market objectives such as environmental sustainability (e.g. the creation of carbon trading) is not merely a shift in ideology. It also reflects profound shifts in the neoliberal institutionalisation of policymaking in which private provision takes priority and other objectives are made residual in ways that are themselves marked by diverse neoliberal imperatives and conditions.

7. Neoliberalism represents more than a balance-of-power shift against labour and in favour of capital in general and of finance in particular.

Neoliberalism invariably has a significant impact on class relations and the distributional balance between them. This includes labour becoming more “flexible” and intensified, the limitation of wage growth, rollbacks of collective bargaining, adverse changes in welfare provision, and how each of these has affected workers, women, minorities, immigrants and others. Neoliberalism has also affected social relations through privatisation and the appropriation of the “commons” (i.e. areas where property rights were either absent or vested in the state). Finally, it has triggered macroeconomic crises that penalise the poor disproportionately.

The weakening power of labour has led to its systematic exclusion from policymaking. Irrespective of the extent to which differential performance across countries can be explained primarily by industrial relations, the dismantling of social compacting in the neoliberal period is striking. Where it has survived, it has shrivelled into tokenistic legitimisation of neoliberal policies – addressing the implications

of faltering growth, rather than negotiating the distribution of gains due to productivity, output and income growth.

Such considerations are well illustrated in South Africa where, after the collapse of apartheid in the 1990s, neoliberalism arrived late and sought to make up for lost time. Social corporatism existed in the form of a triple alliance of the African National Congress (ANC), the South African Communist Party and COSATU, the confederation of trade unions. The ANC government took a neoliberal turn in the mid-1990s, not least with the Growth, Employment and Redistribution (GEAR) policy framework. The main forum for tripartite policymaking, the National Economic Development and Labour Council (NEDLAC), became increasingly ineffective because of the non-participation of powerful businesses and its lack of influence over major policies and issues, especially those involving finance. In short, social compacting under neoliberalism actually undermines the labour movement, and is liable to do the same to new social movements in the absence of strong and supportive left movements and organisations.

In the provision of water, the case studies show that neoliberalism has weakened the power of labour. Trade unions in England became fragmented with the break-up of the national water framework. In Portugal, “individual labour contracts” that are not covered by collective agreements have proliferated through corporatisation.

This is much more than erstwhile public sectors becoming more like the private sector, with commercial criteria coming to the fore and widening relative remuneration, etc. It reflects a shift in the balance of forces in the way policy is drafted, implemented and monitored, as is most apparent in what is known as “new public management”. ➤



Neoliberalism fuels unsustainable patterns of production, employment, distribution, consumption, state finance and global integration.

8. Neoliberalism involves varied and shifting combinations of scholarship, ideology, policy and practice, with connections – if not necessarily coherence – across and within these elements.

These tensions can be illustrated at three levels. First, the meanings and significance of neoliberal scholarship have shifted across time, place and issue, and there can be inconsistencies across their components, often due to tensions between policy rhetoric and the realities of social and economic reproduction. For example, as discussed under *the fifth thing*, support for homeownership has been couched in pro-market, anti-state rhetoric, but states have been proactive in creating mortgage markets and facilitating owner-occupation, including through subsidies. Another striking example is the shift from straight privatisation to public-private partnerships, especially where large-scale state support is required for private provision of infrastructure.

Second, even the most ardent supporter of freedom for the individual and the market concedes that these are

guaranteed only through core state functions and institutions, ranging from fiscal and monetary policy to law and order and property rights, right through to military intervention to secure the “market economy”. Neoliberalism’s attachment to classical liberalism and political democracy is hedged and conditional and, in practice, it can be closely associated with authoritarianism.

Third, the tensions across scholarship, ideology, policy and practice were sharply revealed by the current crisis, with the ideology of free markets smoothly giving way to heavy intervention on its behalf, followed by a bewildered response from the discipline of economics. Paradoxically, while unlimited resources have been made available to salvage finance, no concession has been offered at the level of ideology or scholarship, where mainstream economics remains virtually hegemonic.

Some contradictions between neoliberal rhetoric and policy are highlighted in the provision of water. For example, cost recovery pricing is supposed to be equitable and to ensure that services are financially and environmentally sustainable. However, it is potentially inequitable in two main respects. First, low-income consumers are likely to be the most costly to serve. Second, poorer households pay a larger proportion of their incomes towards the infrastructure costs of water where these are financed from user fees. In South Africa, a lack of affordability has led to high household debt. In Portugal, households can afford their water bills because municipalities have kept tariffs below cost-recovery levels – but municipalities are not collecting sufficient revenue to pay their bulk water providers, so debts are amassing at this level. Such debt levels threaten the financial sustainability that cost recovery was meant to protect.

The neoliberal response is to provide means-tested financial support for low-income households. This creates significant administrative challenges and often fails to reach the most marginalised. The contradictions arising between cost recovery and affordability are particularly prominent in South Africa. The state has financed infrastructure to increase access to water while, at the same time, the forced installation of prepayment meters for low-income households effectively forces those that cannot manage within the free basic water amount to self-disconnect. Privatisation also highlights neoliberal contradictions when private water companies face the dual imperatives of meeting the demands of both shareholders and local consumers. Clearly, these are conflicting priorities: investors want profits and consumers want lower prices. The case studies show that private water providers who suffer a loss due to reductions in consumption (i.e. successful “demand management”) recover it by increasing consumer prices.

The ease with which the fundamentals of theory are ignored when they contradict practical policy implementation highlights the lack of coherence across neoliberal ideology, scholarship and policy in practice.

9. Neoliberalism has been subject to two phases, loosely divided by the early 1990s.

The first phase is aptly characterised as the “shock” or transition phase, in which the promotion of private capital proceeded in country after country without regard to the consequences. This requires forceful state intervention to contain labour, disorganise the left, promote the transnational integration of domestic capital and finance, and put in place new institutional frameworks.

The second (mature) phase has been, in part, a reaction to the adverse consequences of the first phase, not least in social welfare provision. This

(“third wayist”) phase focuses on the stabilisation of social relations, continued financial sector interventions in economic and social reproduction, state management of new modalities of international economic integration, and the introduction of specifically neoliberal social policies.

Both phases require extensive regulation, despite the rhetorical insistence on the need to “roll back” the state, interpreted in the first phase of neoliberalism as “hollowing out”, and followed by the “rolling out” of new and occasionally more explicit forms of intervention in the second phase. Inevitably, the logical sequencing of neoliberalism into two phases is not always followed chronologically by sector and place for various contingent reasons, such as the transitions in Eastern Europe and South Africa.

10. Neoliberalism is highly variegated in its features, impact and outcomes.

Although neoliberalism has an identifiable material and ideational core (see *first, second and fifth things*), and neoliberal policies share readily recognisable features, neoliberal experiences take a wide variety of forms in different countries and over time (see *ninth thing*).

There are three reasons for this. First, neoliberalism can be associated with significant differences in financialisation; in the internationalisation of production and dependence on external trade; and in societal changes, ideology, political structures, etc. Second, these relationships interact in historically contingent ways. For example, the universal expansion of mortgage markets has interacted with pre-existing housing systems in different ways across countries. Third, financialisation remains uneven and confined in its direct hold over economic and social reproduction. Thus many public



Accumulation tends to take the form of bubbles that eventually burst, with devastating implications, and require expensive state-sponsored bailouts.

services are not commercialised, let alone financialised – which is not to say that financialisation exerts no influence on them. The result is to create space for deviation, not only from financial imperatives where they do apply (e.g. user charges) but also, inevitably, where they do not. In the context of chronic inequality and the impact of crisis and recession, there are inevitable pressures both to reduce individual and overall benefits and to protect the most vulnerable. How these and other tensions within neoliberalism are resolved is not predetermined.



However we interpret the differences between the post-war boom and the neoliberal period, economic performance for the latter has been generally worse.

Somewhat different considerations apply where competing fractions of capital have a direct interest in neoliberal forms of reproduction. The state has long intervened to promote the interests of particular capitals against the interests of others, or capital as a whole against potentially destructive competition. That this remains the case under neoliberalism implies that the state does not privatise everything, does not rely exclusively on private finance, and can even exclude it in order to pursue other interests – not least, those of productive capital.

To take the example of housing, the growth of mortgage markets has been a defining feature of neoliberal housing provision. But they differ markedly in the causes of their growth and the processes of financialisation and increased international capital flows, not to mention the forms of state support. Two crucial factors in the UK were the end of segmentation in lending markets and the decimation of social housing. The former allowed banks to enter mortgage markets that had previously been the preserve of mutual building societies, increasing competition and boosting mortgage supply and demand. In Portugal, accession to the euro played a key role in expanding mortgage markets by improving lending rates. In Turkey, the state is a large mortgage lender, but in South Africa a major section of the population continues to be excluded from mortgage markets.

Different countries also differ markedly in the impact that the growth of mortgage credit had on the provision system for housing. In both Portugal and Turkey, a boom in mortgage lending was accompanied by a construction boom. In the UK, credit has fed far more into house prices. Again, the difference arises from the historically developed institutional contexts. To put it more starkly: while Turkish state power was mobilised to clear low-income groups from central >>

urban land in order to make way for large-scale luxury developments, state power in the UK has been in thrall to a NIMBY (“not in my backyard”) attitude that stifled development.

These examples indicate that the logic of neoliberalism is not neutral but is open to manipulation to serve powerful segments of the economy. In the UK, it takes the form of extensive financialisation, and shareholders have made substantial returns. A kind of cream-skimming has been more significant in South Africa, where “economically viable” consumers, including mining and industry, are prioritised for water provision.

11. Its economic and social reproduction is attached to particular material cultures that give rise to the “neoliberalisation of everyday life”.

Neoliberalism has redefined the relationship between the economy, the state, society and individuals. It has constrained the latter to give their lives an entrepreneurial form, subordinated social intercourse to economic criteria, and neutered previous structures of political representation. The ideology of “self-responsibility” deprives citizens of their collective capacities, agency and culture, prizes consumption above all else, places the merit of success and the burden of failure on isolated individuals, and proposes to resolve every social problem with further individualisation and marketisation of social intercourse.

The scholarly literature has pinpointed these features of neoliberalism in different ways – for example, through the idea that the financialisation of everyday life is primarily characterised by exploitative indebtedness. A more promising approach, rooted in the work of Michel Foucault, sees the neoliberalisation



In short, progressive collectivism is not on the agenda.

of everyday life as the subjective internalisation of neoliberal norms. For Dardot and Laval (2013:8), this enjoins everyone to live in a world of generalised competition; it calls upon wage-earning classes and populations to engage in economic struggle against one another; it aligns social relations with the model of the market; it promotes the justification of ever greater inequalities; it even transforms the individual, now called on to conceive and conduct him- or herself as an enterprise.

Homeownership – neoliberalism’s favoured form of housing tenure – is heavily implicated in reshaping subjectivities and social norms. By providing individuals with an asset, it is perceived to play a crucial role in creating entrepreneurial and self-reliant saver-investors. In practice, this is constrained by a number of factors. First, there remains a substantial population that has no housing assets and is relatively insulated from this kind of neoliberal socialisation. Second, among those who do own a house, the mentality needed to see it as an economic and financial asset exists in tension with their attachment to it as home. This illustrates that social norms under neoliberalism emerge from the interaction of financial calculation with pre-existing social meanings related to particular items of consumption.

12. Neoliberalism is associated with specific modalities of economic growth, volatility and crisis.

The neoliberal restructuring of economic reproduction introduces mutually reinforcing policies that:

- dismantle previous systems of provision (retrospectively described as “inefficient”)
- reduce the coordination of economic activity
- create socially undesirable employment patterns
- feed the concentration of wealth
- preclude the use of industrial policy instruments for the implementation of socially determined priorities
- make the balance of payments structurally dependent on international capital flows.

In doing this – and despite ideological claims to the contrary – neoliberalism fuels unsustainable patterns of production, employment, distribution, consumption, state finance and global integration, and increases economic uncertainty, volatility and vulnerability to crisis.

In particular, financial sector control of economic resources and the main sources of capital allow it to drain capital from production. At the same time, neoliberalism systematically, if unevenly, favours large capital at the expense of small capital and workers, belying its claims to foster competition and “level the playing field”. As a result, accumulation tends to take the form of bubbles that eventually burst, with devastating implications, and require expensive state-sponsored bailouts. These cycles include the international debt crisis of the early 1980s, the US savings-and-loan crisis of the 1980s, the stock market crashes of the 1980s and 1990s, the Japanese crisis dragging on since the late 1980s, the crises in several middle-income countries at the

end of the twentieth century, and the dotcom, financial and housing bubbles of the 2000s, culminating in the global meltdown starting in 2007.

In turn, neoliberal policies are justified ideologically through the imperatives of “business confidence” and “competitiveness”. This is misleading because confidence is elusive, materially ungrounded, self-referential and volatile, and it systematically leads to an overestimation of the investment that will ensue from finance-friendly policies. Moreover, those policies are not self-correcting. Instead of leading to a change of course, failure to achieve their stated aims normally leads to an extension of “reforms” and the promise of imminent success.

However we interpret the differences between the post-war boom (including Keynesianism, developmentalism, Soviet regimes) and the neoliberal period, economic performance for the latter has been generally worse in terms of growth and volatility and, ultimately, led to a global crisis driven by finance and financialisation, despite unambiguously and unprecedentedly favourable conditions for capitalism worldwide (see the *first thing*).

13. There are alternatives, both within and beyond neoliberalism itself.

To conclude, it was shown in *the sixth thing* that neoliberalism couldn't be reduced to a collection of policies, such that alternative policy initiatives could reverse and even transcend neoliberalism. Policy changes are certainly essential, but the scope for such changes can be questioned in the light of the political means available to the opposition, the strength of the coalitions committed to them, and the scope to drive the required distributional, regulatory and policy reforms, given the neoliberal

transformation of production, international integration, the state, ideology and society itself. None of these can be adequately assessed without a prior understanding of the systemic features of neoliberalism and the transformations that it has wrought on class relations and institutions and the processes of economic and social reproduction.

It was also shown in *the seventh thing* that neoliberalism is not a “capitalist conspiracy” against the workers, in which case there would be nothing systemic or historically specific about it, since capitalists and the state have always readily conspired against the workers. In that case, neoliberalism could be dislocated through a counter-conspiracy or even by changes in the law. Alternatively, this approach could imply that “things were much better” under previous systems of accumulation (Keynesian, developmentalist, and so on), which, in principle, should be restored.

These goals are laudable but implausible. While neoliberalism is incompatible with economic democracy, it simultaneously hollows out political democracy. On the one hand, the TINA (“there is no alternative”) credo blocks even moderate expressions of dissent and feeds apathy, populism and the far right – courting destabilisation for neoliberalism itself. On the other hand, the institutional shifts in political representation and the social and economic transformations wrought by neoliberalism systematically reduce the scope for collective interests, transformative programmes, or even the aspiration for social change. For example, the options for water policy have severely narrowed in the past three decades under the neoliberal policies of international funding institutions. EU member states are prevented from using any approach to water pricing outside the 2000 Water Framework Directive, which includes

the principles of cost recovery. In short, progressive collectivism, whether in the form of (Keynesian) reformism or socialist revolution, is not on the agenda – not least because the dominant form of economic and social reproduction has been appropriated by finance.

Nevertheless, the economic contradictions of neoliberalism, the incremental sclerosis of the political institutions regulating its metabolism, and the cumulative corrosion of its ideological foundations make this system of accumulation resistant to economic change, but also vulnerable to political challenges. Hence, community resistance to gentrification and relocation was observed in Turkey, South Africa and the UK. Some local struggles have linked to broader demands for inclusive and collective forms of housing provision. However, these movements have yet to develop beyond defensive struggles into a more comprehensive challenge to neoliberalism.

Neoliberalism has repeatedly demonstrated its resilience both in practice and in the realm of ideas. This implies that electoral strategies or changes in social, industrial, financial or monetary policies are insufficient to fulfil radical expectations. However, demands for the expansion and radicalisation of political and economic democracy can integrate widely different struggles, delegitimise neoliberalism, and support the emergence of alternatives. These are now urgently needed. [NA](#)

NOTE

1. Kate Bayliss and Ben Fine are at the economics department of the School of Oriental and African Studies (SOAS) at the University of London. Mary Robertson is at the Leeds University Business School. Alfredo Saad-Filho is at the department of development studies at SOAS. The full paper is available at www.networkideas.org/focus/2016/01/thirteen-things-you-need-to-know-about-neoliberalism.

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