

Economic Equality: A Humane Goal for Globalization

Mark N. ZION

Abstract

In this article I will consider some of the dangers for social upheaval that come from extreme economic inequality and a few of the policies that have proven effective in reducing it. As my headings suggest, today's economic order in fact originated from humane impulses, visions that a vibrant economic-life not only increased prosperity and ethical behavior but also ingenuity and creativity. As the Great Depression (1929) threatened the very foundations of laissez-faire-capitalism, even Western civilization itself, government-initiated programs had proven remarkably effective in ensuring everyone had a job with a decent standard of living. Yet, reactions against government regulations and safety-nets, especially after the worldwide oil embargo of 1973 that halted growth and increased inflation, derailed many of the social advances of the post-war-period. This fervor for deregulation that has dominated macroeconomics for the past fifty-years, created a world where twenty-six individuals have a combined wealth that equals those of the bottom four-billion people. Yet, many recognize the harm that comes when so many are left behind, especially in developed countries that once enjoyed a higher standard of living. Humanitarian efforts worldwide are slowly but surely changing the paradigm — toward more humane goals for the well-being of everyone. I will consider some of these remarkable public-profit organizations and the extraordinary people who started them.

Key Words

laissez-faire-capitalism, democratic-socialism, Adam Smith, John Maynard Keynes, Friedrich Hayek, neoliberalism, International Monetary Fund, World Bank, World Trade Organization, microfinance.

Contents

1. Introduction
2. Theories for economic equality
3. Theories for economic inequality
4. A neoliberal experiment
5. Antidotes for economic inequality
6. Public-profit from social-entrepreneurs
7. Conclusion

1. Introduction

On November 30, 1999, as delegates and officials from around the world gathered for the World Trade Organization conference in Seattle, Washington, so did over forty-thousand people to protest the event. Made up of members from dozens of non-profit organizations — some were even participants at the WTO conference — with unions, religious groups, and student organizations, the intensity of the protests over the next few days, and the record-breaking numbers involved, sent shock waves around the globe. Few, it seemed, could grasp the reasons why so many harbored such deep hostility toward economic globalization that the WTO, the World Bank, and the International Monetary Fund represented. Fewer had ever heard of the Anti-globalization Movement or questioned that anything sinister lay beneath global trade liberalization. Fewer still had ever considered global poverty as “structural,” a system purposefully designed to make the rich even richer — at the expense of the poor. The fact their numbers included many mainstream organizations, such as the AFL-CIO and Global Exchange, deepened the bewilderment.¹⁾

International trade agreements had proliferated from 1980 and had increased exponentially after the collapse of the Soviet Union in 1991. Economic globalization as an answer to all that ails the world had almost become an article of faith among citizens of developed countries: “Just plug countries in” became the mantra for all poverty challenges. President Clinton, who negotiated NAFTA (1992) that reduced trade regulations among Canada, Mexico, and the United States, was immensely popular.

The mainstream media tended not to probe very deeply in presenting the “Battle in Seattle,” as the protests came to be known: They were rebels without a cause, disgruntled anarchists who oppose everything out of spite, or sociopaths who loved to break windows (one-hundred-fifty protesters were arrested but none were convicted of a crime — the protests, after all, were legal — but there was significant property damage). No one could deny the event was well-planned and that its goals were clear: 1) to protect workers in developing countries from corporate abuse and to ensure they had a “living wage”; 2) to hold multinational corporations accountable for their environmental destruction worldwide; 3) to require the WTO, the World Bank, and the IMF to “democratize,” so people in the countries where the policies are implemented have a say in them.

Most of the world’s poor, the protesters clearly revealed, resented and opposed these organizations as a new form of imperialism, whose purpose was to extract cheap labor and even cheaper raw materials and give almost nothing in return. This trade liberalization, the protesters declared, had allowed U.S. corporations to set up in developing countries where fewer regulations allowed them to abuse the environment and the people of these societies. Child labor by 1999 had skyrocketed to over three-hundred-million, with the increase in oil spills and other ecological disasters, like the one in Bhopal, India, in 1985, where a gas leak from a Union Carbide India Limited pesticide plant killed over twenty-five-hundred and injured over half a million. Many thoughtful people acknowledged protesters’ goals as legitimate.

Jeffrey Sachs, Director of UN Millennium Project 2015, who witnessed the event, admitted that the Seattle protests had terrified delegates from international bodies and business conglomerates, stunned they were painted as the villains in the scenario. Today, these international conferences are shorter,

usually for a few days rather than the week or so of previous times, and the meetings are held in remote locations, often on mountain tops or remote islands, to make it more difficult for protesters to reach.

Joseph Stiglitz, no hooligan radical but a Nobel Prize in Economics winner (2001) and former Chief Economist of the World Bank (1997-2000), has long pointed out the gaping flaws of globalization (Stiglitz 2006:9):

- 1) The rules of the game that govern globalization are unfair, specially designed to benefit the advanced industrial countries. In fact, some recent changes are so unfair that they have made some of the poorest countries actually worse off.
- 2) Globalization advances material values over other values, such as a concern for the environment or for life itself.
- 3) The way globalization has been managed has taken away much of the developing countries' sovereignty, and their ability to make decisions themselves in key areas that affect their citizens' well-being. In this sense, it has undermined democracy.
- 4) While advocates of globalization have claimed that everyone will benefit economically, there is plenty of evidence from both developing and developed countries that there are many losers in both.
- 5) Perhaps most important, the economic system that has been pressed upon the developing countries — in some cases essentially forced upon them — is inappropriate and often grossly damaging. Globalization should not mean the Americanization of either economic policy or culture, but often it does — and that has caused resentment.

Sachs, though, chided the demonstrators — after praising them for their moral fervor — for not understanding macroeconomics (Sachs 2005:357), as if all they needed was to take his freshmen economics class to dispel their outrage (surely macroeconomic theories would put them to sleep, at the very least).²⁾ Yet, those gathering in Seattle were astute. The current system that Sachs had hailed as bringing economic and social miracles through sweatshops in Bangladesh, India, and China (ibid., 12-14) needed to change, but the change could not come from within. Change must be forced from the outside; these international bodies needed to be pushed out of their authoritarian approach to a more collaborative one, from corporate board rooms to remote villages among the people who know best what they need. This is possible, the protesters believed, with better planning, deeper and more compassionate engagement, and with just average social skills. Sachs captured something of the global titans' smugness:

Before Seattle, the G8, IMF, and World Bank meetings were occasions for unqualified praise of globalization, and for the self-serving accolades of bankers and international financiers on their contribution to the spread of prosperity. Between the speeches and endless cocktail parties, there was little said about the world's poor, the AIDS pandemic, dispossessed minorities, women without rights, and human-made environmental degradation (Sachs 2005:355)

It sends a shudder to realize that these self-absorbed people, who have rarely, if ever, interacted with anyone living in extreme poverty, are responsible for the fate of billions (of course they would say meeting the poor is irrelevant), as Stiglitz wrote:

The IMF's actions affect the lives and livelihoods of billions throughout the developing world; yet they have little say in its actions. The workers who are thrown out of jobs as a result of the IMF programs have no seat at the table; while the bankers, who insist on getting repaid, are well represented through the finance ministers and central bank governors. The consequences for policy have been predictable: bailout packages which pay more attention to getting creditors repaid than to maintaining the economy at full employment (Stiglitz 2002:225).

In fact, the IMF and World Bank policies of "Structural Adjustments," their severe austerity measures (to raise taxes, to cut spending, and to devalue the country's currency), do not work and have never worked, the reason why Africa had become worse off than it was in the 1960s before the IMF and the World Bank arrived with their bag of policies (Sachs 2005:189).³⁾ By 2001, those living in extreme poverty had doubled in the African continent, from one hundred sixty-four-million to three-hundred-sixteen-million (Stiglitz 2006:11). The most frustrating thing is that no one, not even governments, could reign in these flawed policies (Easterly 2006:212):

Unfortunately, we have no world government, accountable to the people of every country, to oversee the globalization process in a fashion comparable to the way national governments guided the nationalization process. Instead, we have a system that might be called global governance without global government, one in which a few institutions — the World Bank, the IMF, the WTO, and a few players from finance, commerce, and trade ministries closely linked to certain financial and commercial interests — dominating the scene, but in which many of those affected by their decisions are left almost voiceless (Stiglitz 2002:22).

The IMF and the World Bank, I should say, were created in 1944, as the Second World War was ending, to help stabilize world currencies and to assist in development. The delegates from the forty-four countries meeting at Bretton Woods, New Hampshire felt the world needed extra-governmental and independent bodies for collective action on the *economic* level to prevent another Great Depression (rightly seen as the reason for the Second World War). In other words, together these two organizations would act as a kind of International Central Bank. All developed countries today pay into the IMF and World Bank funds from taxes revenues. They are by far the largest lending institutions the world has ever seen, with hundreds of billions of dollars, lent for economic stabilization or development, usually at top rates of interest and under extremely strict conditions.

The IMF, however, is a public for-profit institution, while the World Bank is a non-profit institution that focuses on long-term development (Stiglitz 2002:12). The head of the IMF, by tradition — though nothing is written down regarding this — is always a European and the head of the World Bank always an American. The World Trade Organization is a more recent entity, founded in 1995 to replace General

Agreement on Tariffs and Trade (GATT), to create international trade rules through collaboration and adjudication processes (Please see note 1).

As so many economists have shown, both the World Bank and the IMF, though originally based on “liberal” economic theories (that I will discuss below), somewhat modeled on FDR’s New Deal (1933-1939) programs to spread economic wealth to all sectors of the population in the United States, fell prey to extremely conservative “market-fundamentalism” theories from around 1982 (Harvey 2005:93), in part as a reaction to socialist theories seen as threatening to Western civilization; neither have fully extracted themselves from these up to our own day.

The competing visions from the streets of Seattle on that November and early December days revealed two irreconcilable visions. These defy empirical analysis but are more in the realm of the imagination: What kind of world do people imagine is possible? Those “outside” the conference halls saw economic inequality — and therefore poverty — as the result of how economic life was structured in the postwar period, designed — by default — so wealth automatically flows to the top. Those “inside” believed that inequality is a fact of life, as natural a law as the survival of the fittest — they were the fittest, with the right to lead.

In this article I will discuss a few underlying economic theories, with alternative approaches many believe can tilt civilization toward a more equitable future. My most important point: The world does not have to be this way. It was created this way by those who had the power — it can also be changed in ways that are more humane.

2. Theories for economic equality

The consensus is that today’s global economic system is Anglo-American. This is undoubtedly true, but its origins are, in fact, in the Scottish Enlightenment (c. 1730-1820), and from one person in particular, Adam Smith (1723-1790). His classic work *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776) animates today’s institutions that have been remarkably successful in creating prosperity in modern life. It is extraordinary, nearly two-hundred-fifty years after the book’s publication, how clear-sighted, prescient, and even revolutionary his ideas remain, so completely original that they seem to have always existed. Indeed, nearly everyone today sees through Adam Smith’s spectacles: Gross National Product, Per Capita Income, Free Markets, Monopolies, Fair Playing Field, Universal Opulence, Division of Labor, Impartial Observer, International Trade, Man of System (Control from Top), the Invisible Hand of Trade — and I have only scratched the surface. Trade, of course, had been a part of human life since the dawning of civilization, but few, with the French physiocrats (eighteenth-century) as a notable exception, had analyzed economics critically.

Writing as the Industrial Revolution made its first tentative steps (1760) — and during the Colonial Era when slavery and others forms of severe exploitation were the norm — Smith developed a deeply humane and compassionate approach to economic life — perhaps these were the sources of his insights. Smith saw himself as a moral philosopher (there were no economists then, since he invented the field), much as his friend David Hume (1711-1776) was — both were prophets of the empirical approach — but Smith was also a brilliant psychologist and had extraordinary insight into group behavior. He created

his economic philosophy, it seems, as a counterpoint to the dark vision of Thomas Hobbes (1588-1679), who said in his classic work *Leviathan* (1651): “Life is solitary, poor, nasty, brutish, and short” (*Leviathan*, XVII.13). Smith was a happy person and saw in trade a fundamental goodness — and in the traders themselves — as a means for individuals to reach higher potentials. Were he to appear today, Smith would recognize how successful his ideas were in creating prosperity and how this fostered human ingenuity; no doubt he would be deeply distressed by today’s unbridled greed and cruelty that created such grotesque inequality (a life-long bachelor, he left all his money to charities that benefited the poor); he once wrote:

To feel much for others and little for ourselves; to restrain our selfishness and exercise our benevolent affections, constitute the perfection of human nature, and can alone produce among mankind that harmony of sentiments and passions in which consists their whole grace and propriety (Adam Smith, *The Theory of Moral Sentiments*, 1759).

Before Smith “wealth” meant “gold and silver in a vault,” but he turned this on its head in the very first sentence of *Wealth of Nations*: “The wealth of the nation is the productive labor of its people” (Smith 1776:1). Markets and morality are so intertwined in Smith’s ideas that they become one and the same — there can be no trade without ethical norms, even respectful behavior, that ground trust between two parties. A spaciousness for humans to flourish inhabits Smith’s philosophy — openness and tolerance are necessary; people need “room” to thrive — authoritarian control will impoverish society, which needs to be organized from the Bottom/Up. The economy, Smith felt, is not organized by an outside force (government decree for example), but is merely the result of personal initiative and freedom of choice, of hundreds of millions of individual actions furnishing and buying products. No overall Top/Down design is possible. Yet, society organizes itself, as a flower blossoms, taking a shape on its own, almost magically — Smith called this “The Invisible Hand.” Actions made collectively, then, create the economic system.

Acemoglu and Robinson, incidentally, *Why Nations Fail* (2012) and *The Narrow Corridor* (2019), who articulated a paradigm based on Smithian theories, divided the world into two economic groups: “Extractive” and “Inclusive” (corresponding to Smith’s Top/Down-Bottom/Up concept). Japan, South Korea, and Taiwan began their journey to prosperity under authoritarian governments, but have since moved toward a democratic Inclusive approach. Can economic growth, then, lead to democratic change?

The *Modernization Theory*, first given voice by Max Weber (1864-1920), holds that this is sometimes true — economic factions require a voice in government to continue growth and this results in political transformation (Acemoglu & Robinson 2012:443-445). This cannot be the case, Acemoglu and Robinson argue, for Extractive authoritarian societies, what they call the Unshackled Leviathan. The People’s Republic of China, as just one example they offered, has no countervailing factions — all have been crushed or beaten back — leaving no space for citizens to advocate for change within their government.⁴⁾ Centrally managed economies, where there is no independent judiciary to protect property rights and civil freedoms, will peter out eventually. Something more is needed than just a free-market of products, which can produce growth only in short spurts, however substantial it may be at times, as

today the Chinese juggernaut is: Sustainable growth requires a free-market of ideas:

You can provide massive amounts of resources (and data for artificial intelligence applications), you can order individuals to work hard, but you can't order them to be creative. Creativity is the essential ingredient for sustained innovation and critically depends on a large number of individuals experimenting, thinking in their own different ways, breaking rules, failing, and sometimes succeeding ... [like] the bustling, unruly, and socially mobile people ... of the Industrial Revolution. But how can you replicate that without liberty? What if you got in the way of somebody powerful or ran against ideas sanctioned by the party? What if you broke the rules? Better not try (Acemoglu and Robinson, 2019:234).

Smith's only model for government was the British monarchy (democratic revolutions were yet to come) and it was monopolistic and hierarchical. The East India Company (1660-1873) was a virtual British colony itself, even ruler of India, with the status of the favorite son. After the crown gave the company monopoly rights for its tea market, it raised prices on its imports to America, so outraging colonists that they dumped the high-priced tea in Boston Harbor. We know it today as the Boston Tea Party (December 3, 1773), an episode that was a factor leading to the American Revolution (1776). In fact, Smith's influence on the authors of the U.S. Constitution is palpable — perhaps more than any other thinker, with the take out possible exception of John Locke (1634-1704). Smith spelled out the role of government, which if it left people alone, he felt, would manage their affairs quite successfully:

Little else is requisite to carry a state to the highest degree of opulence ... but peace, easy taxes, and a tolerable administration of justice; all the rest being brought about by the natural course of things (Lecture at Glasgow Club, 1755).

The world's population in 1770 was about six-hundred-million, with the Industrial Revolution (1760-1840) just starting in British textile factories and in coal mines. Great Britain was a nation of shopkeepers (the concepts of tax rates, labor unions, health insurance, workman's compensation, pensions, labor rights, regulations for safe foods, and restrictions on environmental pollution, among so many others, were at least one hundred years in the future), so Smith could not have foreseen the government's role for ensuring the fair distribution that he cared so deeply about — trade that creates prosperity for *everyone* (Smith can be forgiven for a Scotsman's skepticism of the monarchy and its high-handed nepotism that he generalized to all government initiatives).

What is the role of government in economic life today? I mentioned the competing visions above. One theory had a free-ride during the Cold War (1947-1991) and solidified internationally, when it seemed to parody Francis Fukuyama's *The End of History* (1992), after it was the only one left standing in 1991. The 2008-2009 global economic meltdown, however, showed how utterly fallacious its fundamental premises were — yet it continues today, discredited as it has been, more out of inertia than any dynamism of its own. How these theories have shaped modern life and where they are taking the world are questions that will occupy generations to come.

John Maynard Keynes (1883-1946) — through the force of his personality and compellingly positive ideas — took a middle course that could be termed Democratic Socialism today, where governments need to ensure that free-markets were just and equitable to all. Critics labelled Keynes a socialist, but in fact he was a free-market advocate — only he believed markets needed to be tamed for the good of society (Stiglitz 2017:337). As Dorothy in the *Wizard of Oz* (1939) needed to be awakened to the power she had all along (the power to return to Kansas), so too governments needed to be awakened to their latent powers. Governments, Keynes understood, had the capacity to humanize capitalism.

The world of the Second World War had three economic systems that competed: laissez faire (free-market) Capitalism, Communism, and Fascism. The Russian Revolution (1917) began the experiment of a state-controlled economy, while Fascism, created by Benito Mussolini as a counterforce, was based on corporations: “Fascism should more appropriately be called Corporatism,” he declared, “because it is a merger of state and corporate power.” He was more specific in *Manifesto for a Free and United Europe* (1941) (Piketty 2020:484):

For the Fascist, everything is in the State, and nothing human or spiritual exists, much less has value, outside the State. In this sense Fascism is totalitarian, and the Fascist State, the synthesis and unity of all values, interprets, develops and gives strength to the whole life of the people (Mussolini as quoted by Acemoglu & Robinson 2019:405).

Keynes understood, as no doubt Adam Smith would have, that Marxist-Leninism of the Russia Revolution was woefully out-of-sync with Smith’s Invisible Hand (independence and personal initiative) that brought social prosperity. State control erased the Invisible Hand. Fascism was also a command economy, Top/Down, especially when Italy and Germany began to militarize in the 1930s. Laissez faire capitalism brought great suffering to citizens, with its frequent cycles of growth and downturns — resulting in painful job loss — and it tipped the entire world into chaos in the Great Depression (1929), which had the potential of ending capitalism altogether. Keynes was among the few who understood governments could not rely on a free-market alone to create jobs (Stiglitz 2019:148).

The Great Depression challenged classical economic theories of the Anglo-American world; in the United States unemployment had spiked to fifty-percent, the Gross National Product fell by twenty-percent, and the stock market lost ninety-percent of its value. Classical economics held very fixed views of what caused unemployment: 1) Temporary job loss; 2) Living from savings or from a pension or; 3) Wages are higher than employers can pay. For Keynes, however, the absence of “demand” had created the Great Depression, which he called the worst tragedy since the Black Death (1346-1352). People were too afraid to spend because they did not know what was going to happen. Classic economics stated that “demand” would return on its own *in the long run* — any government intervention in the market, it claimed, would only prolong the downturn and make it even worse. It is in this context of employment that Keynes made his most memorable statement, “In the long-run we will all be dead” (Keynes, *Tract on Monetary Reform*, 1924).

In his *The General Theory of Employment, Interest, and Money* (1936), Keynes’s magnum opus, he brilliantly argued that the cycle of unemployment and the lack of demand must be broken by govern-

ment intervention — governments could do this through public works projects: roads, bridges, and railway lines and with subsidies to those most in need. His great insight was that there was no separation between government and economic life. These kinds of spending were “investments” not “expenditures.” As Keynes told Frances Perkins (1880-1965), Roosevelt’s Labor Secretary: “... a dollar spent on relief by the government was a dollar given to the grocer, by the grocer to the wholesaler and by the wholesaler to the farmer, in payment of supplies. With one dollar paid out for relief or public works or anything else, you have created four dollars’ worth of national income” (Keynes as quoted by Wapshott 2011:162).

Keynes coined a phrase for his theories of government intervention: “Multiplier Effect.” Deficit spending to create jobs, in fact, *saves* money, he affirmed, since governments will not have to pay unemployment compensation. Jobs not only bolster self-esteem and calm desperation, but once those employed start spending governments will enjoy higher tax revenues. Franklin Roosevelt (1882-1945), elected in 1932, listened carefully to Keynes. Although Keynesian theory was never the official policy of Roosevelt’s government, the young economists in the administration, such as John Kenneth Galbraith (1908-2006), saw Keynes as semi-divine: “Though you are unimportant by following the master (Keynes) we could feel superior to the great men of Morgan’s Chase, National City and New York Federal Reserve Bank” (Galbraith as quoted by Wapshott 2011:164).

In 1944 Keynes led the British delegation to the conference in Bretton Woods, New Hampshire, where he succeeded in having it adopt his international blueprint, with the creation of the International Monetary Fund and the World Bank — armed with sound trade policies that would move the world toward universal prosperity. Keynes had also wanted to create an “International Clearing Union,” available for every country to join to plan economic policy. Its membership fees would be based on its percentage of international trade, with the “bancor,” a kind of international currency that could be used only for international accounts, but this idea did not survive the negotiations. One wonders if this is the missing mechanism for ensuring a more equitable wealth distribution today. After the Second World War, the IMF and the World Bank implemented the theories of John Maynard Keynes (Collier 2018:115) — these became a kind of world salvation for democratic reform, since the elected representatives, rather than market forces, determined economic policy, channeling wealth produced for the benefit of the people.⁵⁾ Keynes’s blueprint was remarkably successful for decades. Then, in the 1970s, came a new phenomenon: Stagflation.

Richard Gordon, *The Rise and Fall of American Growth* (2016), stated that, in fact, growth in the United States had ended around October 16, 1973 when the oil producing countries began an embargo on countries that supported the Nation of Israel during the 1973 Yom Kippur War. Oil was four times higher when the embargo ended six months later (Banerjee and Duflo 2019:146), giving rise to one of the most mysterious economic mixes the world had ever seen: near stagnant economic growth with inflation. The spectacular growth in the postwar period, then, had been fueled by low oil prices. “Stagflation” bewildered governments around the world, which had become accustomed to high growth and which needed it to win elections. Since Keynes’s theories could not explain this phenomenon (the IMF and World Bank began to jettison Keynes’s theories, too), an alternative theory began to replace it, that I will discuss below.

John Maynard Keynes, at the end of *General Theory of Employment, Interest, and Money* (1936), seemed to prophesy of our own time of intellectual and moral bankruptcy in the search for easy answers:

But apart from this contemporary mood, the ideas of economists and political philosophers, both when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back But, soon or late, it is ideas, not vested interests, which are dangerous for good or evil (Keynes 1936:332).

3. Theories for economic inequality

Friedrich von Hayek (1899-1992), nearly a generation younger than Keynes, and in fact something of his disciple during his college days, offered an alternative to Keynesian theory. He left his native Austria in 1931 to a position at the London School of Economics and there developed his theories based on his highly subjective concept of “liberty.” He did not mean democratic elections or even human rights guarantees, his “liberty” was an unfettered free-market — for all government intervention in economic life is an assault on personal freedom, he asserted. A descendent of a minor aristocratic family, he reflects something of the anti-liberal sentiments of Central Europe’s landed aristocracy, which had the most to lose from democratic or socialist reforms (Acemoglu & Robinson 2019:401).

Hayek wrote his classic work, *The Road to Serfdom* (1944), after the Labour Party in Great Britain adopted the *Beveridge Report* (1942), which recommended policies very similar to Roosevelt’s New Deal, but went even further with a plan for universal health care (Acemoglu & Robinson 2019:465; Piketty 2020:483): William Beveridge (1879-1963), incidentally, had been dean of the London School of Economics and had hired Hayek as a professor in 1931. The Labour Party, after it the won Britain’s 1946 election, implemented Beveridge’s recommendations.

I will spend a bit more time with Hayek’s work, which has burgeoned into the dominant economic theory for nearly fifty-years (and I will use sources other than *Serfdom* when discussing his theories below). *Serfdom* is more palatable, I suggest, when one reads it as a social critique from an ultra-conservative perspective, more in the line of Alan Bloom’s *Closing of the American Mind* (1987). Hayek himself, when he wrote the preface for the 1956 edition (which I use here), said he wanted it to be taken as George Orwell’s *Nineteen Eighty-Four* (1949), as a warning for future possibilities (Hayek 1956:43n13). By 1950, one should remember, more than half the world was under a Communist form of government, so it was sensible at the time to affirm the necessity of market freedoms and to tie these to personal freedoms; Hayek’s work still resonates on this level.

As Hannah Arendt (1906-1975) — and perhaps as a result of reading some of her writing — Hayek saw both Fascism and Communism as forms of totalitarianism (Arendt 1951:455); the free world, though enjoying a fragile freedom (again the free-market), could easily be swallowed up by totalitarianism — Hayek used Communism and Socialism interchangeably (as central planning) (Hayek 1956:76-79). Once

the state begins to dominate economic life in any given realm, he declared, it is a small step toward complete state control, leaving people as small cogs in a massive web of bureaucratic oppression. Put another way: Any expansion in a government's social services would lead to a government curtailing of economic freedom. This would happen in increments, Hayek affirmed, quoting Thomas Hobbes: "It is seldom that liberty of any kind is lost all at once."⁶

Hayek had written *Serfdom* for specialists in Great Britain to warn of creeping socialism from the Labour Party, but in the 1956 edition he wrote an admission (of sorts). Since he was an ideologue, however, his prophecies had only been postponed (he could not admit he was mistaken) — first the bountiful welfare system created a psychologically dependent population before the nation's descent into serfdom:

Of course, six years of socialist government in English have not produced anything resembling a totalitarian state ... The important point is that the political ideal of the people and its attitude toward authority are as much the effect as the cause of the political institutions under which it lives. This means, among other things, that even a strong tradition of political liberty is no safeguard if the danger is precisely that new institutions and policies will gradually undermine and destroy the spirit (Hayek 1956:48).

I should offer a warning, in considering Hayek's theories, that he has a radically different take on fundamental meanings of personal liberty and yet almost everyone is familiar with some of these, at least in the abstract, since they have a central place in macroeconomics today among governments and in such organizations as the IMF and the World Bank. Some consider his thinking as typical of the Austrian School of Economists, more "theoretical" and "mechanical" (Wapshott 2011:3). However true this may be, he redefines economic life in ways that are shocking to mainstream sensibilities, the reason three U.S. publishers turned the book down in 1944 — they saw it not only as outlandish but also too dense and repetitious (Hayek 1956:15-16). Hayek shocks in overturning Adam Smith, even as he declared himself a Smith follower, stating that any economic plan based on social justice is destined to become totalitarian (what Hayek describes as "collectivist") (Piketty 2020:482).

To begin, capitalism, by its very nature, automatically creates booms and busts and the great dilemma is how to deal with these. Keynes, as mentioned above, saw the answer in government spending on job creation, lowering interest rates to encourage investment, and lowering taxes to encourage spending, reasoning that the downturn is from a lack of "demand."

Hayek's theories are a mirror opposite, so one may rightly question his originality. Entrepreneurial endeavors, which Hayek called "economic individualism," alone should decide how wealth is directed (Hayek 1956:70-71). Government spending keeps businesses alive that should fail, and this impedes the great titans from priming the system toward greater wealth (Jones 2012:135-136). When governments lower interest rates, they flood out entrepreneurs, preventing them from investing in projects they know to be truly viable. The causes of downturns are not "demand" (Keynes) but "supply" (Wapshott 2011:41-42) (the origins of supply-side economics) — here some may be inclined to scratch their heads. Is it true that rather than developing theories through study, careful observation, and testing hypotheses,

as Keynes had done, Hayek simply used Keynes as a starting point to oppose everything Keynes had proposed? If so, a great deal of his work is not a search for truth but simply an argument, for which he had to scramble to find supporting data.

With governments out of the economic life, this begs the question: Did Hayek believe in democracy? The simple answer, I think, is “No,” certainly not in any absolute sense, but no doubt he, superb apologist that he was, would have added many qualifications.⁷⁾ The free-market, alone, was his deity (at one point he wanted to raise the voting age to forty-five, to better curtail democratic participation, Biebricher 2018:106). Hayek had written that liberalism went awry in the eighteenth and nineteenth centuries when it ceded authority to elected parliaments and sacrificed economic rights (Piketty 2020:708). In reality, it did not matter whether a government was democratic or dictatorial — of primary importance is it not interfere in the natural course of economic life, which he called “collective agreement” (a disconcerting notion for those who grew up in liberal democracies). Thomas Piketty, *Capital and Ideology* (2020), called Hayek’s position “Libertarian Authoritarianism” (ibid., 706); it is in fact another form of tyranny, that of an unfettered free-market. At any rate, Hayek was too shrewd to be pinned down definitively on his view of democracy, considering the popularity of his work in democratic countries (he let his guard down later, however, as I will describe below).

Deng Xiao-ping (1978-1998) of the People’s Republic of China, Augusto Pinochet (1974-1990) of Chile, and Suharto of Indonesia (1968-1998), therefore, though each ruthlessly murdered civil freedoms advocates, still deferred to the market, and so are acceptable leaders. For Hayek, then, the great evil was not dictators, per se, or even the loss of democratic freedoms and human rights, but state planning of the economy, whether of the Left or the Right, whether democratic or not. Franklin Roosevelt’s New Deal, in this context, interfered with Hayek’s freedom more than Augusto Pinochet’s dictatorship. While the New Deal may have ameliorated suffering in the short-term, Roosevelt interfered with a more basic freedom — economic freedom (Jones 2012:32-35). Markets are always superior to governments — even those elected — in distributing resources, according to Hayek (Acemoglu & Robinson 2019:472-473).

Hayek could not be labeled a Libertarian, however, where government and economic life are completely separated (Jones 2012:66). He agreed that governments needed to assure the basic necessities, such as the “minimum of food, shelter, and clothing, sufficient to preserve health and the capacity to work” (Hayek as quoted by Acemoglu & Robison, 2019:465, from Bruce Caldwell’s Introduction *Hayek*, 2007). If governments followed Keynes’s prescription to spend for full employment, Hayek contended, inflation would eat up the value of the workers’ salaries and so there would be no gains (as happened in his native Austria where Hayek’s family had lost all its savings to inflation). Unlike Keynes, who had held official government positions and worked with the practical nuts-and-bolts of implementing economic policies, Hayek’s theories were hammered out on his office typewriter, surrounded by admiring students, his complete insularity is at least part of the reason he seems such an outlier, so out of tune with everyday life.

Keynes, though he said he enjoyed Hayek’s book immensely, questioned in a letter to him where Hayek drew the line between government — which Hayek said he believed in, at least for necessities — and the free-market (Hayek 1956:23-24).⁸⁾ He answered this in his *The Constitution of Liberty* (1960) (long after Keynes’s death in 1946): Governments needed to create a legal framework that protected

entrepreneurs (ibid., 24). It is hard to imagine that these ideas have dominated Anglo-American economic theory until recently, both in liberal and conservative parties. The world was more bankrupt of ideas in grappling with stagflation than we usually imagine it to have been, with leaders constrained to follow Hayek's ideas as the only alternative — it was the ultimate “grasping for straws.”⁹⁾ Former Great Britain Prime Minister Margaret Thatcher (1925-2013) carried a copy of *The Road to Serfdom* in her handbag, once pulling it out during a cabinet meeting and saying, “This is what we believe” (Wapshott 2011:258).

Hayek's timing could not have been more perfect. Invited in 1950 to give a series of lectures in the United States, he boarded a ship and during the voyage excerpts of his book, condensed into twenty-pages by Max Eastman (1883-1969), the former socialist who became a free-market convert, were published in the *Reader's Digest* (it had over 8 million subscribers). When Hayek docked in New York City he was something of a minor celebrity. The American Right-wing would take over both chambers of Congress in 1952 and continue its persecution of the Left in greater earnest — especially labor unions, film-makers, and writers — in its committees on American and Un-American Activities. Hayek's alternative constructs to the minimal role of government in economic management were a ready-made vindication that it quickly took advantage of (by then the Left had come to mean anyone who believed government had an active role in economic life). American business leaders also used it to discredit Roosevelt's New Deal, which had successfully placed checks and balances on them.

An American publisher, the University of Chicago Press, finally accepted *The Road to Serfdom* in 1944 and it became all the rage, as I have mentioned, after the *Reader's Digest* published its short abstract in 1950, beyond everyone's wildest imagination. Reaction, as one can imagine, was mixed. Most economists felt that it was more of a political tract than a work of scholarship (this was, of course, correct). The most accurate critique may have come from the University of Chicago's Herman Finer, in a book titled *The Road to Reaction* (1946):

Hayek's apparatus of learning is deficient, his reading incomplete ... his understanding of the economic processes is bigoted ... his account of history false, ... his political science is almost non-existent, his terminology misleading, his comprehension of British and American political procedure and mentality gravely defective, and ... his attitude to average men and women is truculently authoritarian ... [it is] the most sinister offensive against democracy to emerge from a democratic country for many decades (Herman Finer as quoted by Wapshott 2011:204-205).

Hayek, as Acemoglu and Robinson bring out, failed to appreciate that modern societies require the state to ensure a just and equitable system to channel wealth — regulation is necessary to protect people from monopolies and abuse (Acemoglu & Robinson 2019:466).¹⁰⁾ One gains the sense, when reading *The Road to Serfdom*, that Hayek simply was unable to grasp, perhaps from his traumatic experience of a military dictatorship in his homeland, that a democratic government — when it acts on behalf of the people — is also “collective action.” He could not accept that government, *any* government, could do anything positive. In this sense, Hayek was unable to use his experience (of the Nazi period) for a higher and more balanced insight. Rather, his experience used him, with his ideas legitimizing not only

grotesque economic inequality — his lasting legacy — but dictatorships, albeit those that did not interfere in the free-market.

4. A neoliberal experiment

Banerjee and Duflo, *Good Economics for Hard Times* (2019), begin their discussion of today's soaring economic inequality with a parable from nineteenth-century America, which the renowned economist John Kenneth Galbraith called "The Horse and Sparrow Theory": "If you feed the horse enough oats, some will pass through to the road to the sparrows" (Banerjee and Duflo 2019:237).¹¹ No statement could better describe today's dominant economic concept (or misconception): *The Trickle-Down Theory*. What, exactly, is the "Neoliberal Economic Theory?" I should say before I offer the example of Chile that it is similar to the popular breakfast cereal, Grape-Nuts — which is neither Grape nor Nuts; neoliberalism is neither "New" nor "Liberal."

"Neoliberal" has become so widely used that it has lost a great deal of its meaning, except as a pejorative of the Left against the Right, as "socialist" has been for the Right against the Left. Thomas Biebricher, *The Political Theory of Neoliberalism* (2018), traces its coinage to Paris, France in August 1938 at the *Colloque Walter Lippmann* — where a small group of intellectuals discussed Walter Lippmann's *The Good Society* (1937) — a book that warned of liberalism's demise in Western Civilization with the rise of Fascism and Communism; it evolved into a think-tank-like community: the Mont Pelerin Society (Piketty 2020:469). Yet, as Biebricher brings out, "political" neoliberalism took on a very different meaning from the "economic" version that we know today, evolving as it has into a cult-like "movement," under Hayek's tutelage (among many others), to mean "anti-collectivism," or a government's management of its economy (Biebricher 2018:13-18). It later became anti-Keynesian from Hayek's mirror opposite formulations — this was Hayek's most callous betrayal of his old friend, John Maynard Keynes. I will define it here as the theories hashed out at University of Chicago from the 1950s.

Hayek's trip to the United States in 1950 would have repercussions worldwide. He accepted a job offer from the University of Chicago, after lecturing there, where a young Milton Friedman (1912-2006) taught economic theory. Both became activist economists, as Keynes had been, but neither had any of Keynes's wit, intelligence, savvy, originality, and certainly not his humanity. While most saw them as quacks, Hayek and Friedman had significant space to incubate their ideas for the next decade. With Richard Nixon's (1913-1994) election in 1968 they burst onto the world stage and rode waves of change internationally and won great acclaim. Nixon's Cold War foreign policy to support anticommunist dictators that espoused free-markets was a perfect fit for Hayek's and Friedman's essentially amoral intellectual framework. The experiment of neoliberalism found an unlikely (and unwilling) candidate, however: the Republic of Chile.

The Nixon government, furious that a socialist was on Chile's 1970 presidential ticket, had planned to prevent Salvador Allende (1908-1973) from being elected by pumping millions of dollars into conservative opposition parties and the conservative newspaper *El Mercurio*. "Why" is a question that has never been satisfactorily answered. Chile under Salvador Allende posed absolutely no threat to the United States.¹² Unlike Cuba's revolution under Fidel Castro's (1926-2016) dictatorship, Chile was democratic,

with ample checks and balances to reign in any socialist excesses. After Allende was elected, Nixon ordered a blockade to create internal revolt and he prevented the IMF, the World Bank, and private banks from offering any assistance (Harrington 1989:172). Documents declassified in 2010 laid much of the blame for this on Henry Kissinger, Nixon's National Security Adviser, who offered plans to sabotage Chile by making it ungovernable (Johnson 2000:18); they also had planned to sponsor a coup:

After Allende finished first in the election ... President Nixon met with Richard Helms, the Director of Central Intelligence, Henry Kissinger, and John Mitchel. Helms was directed to prevent Allende from taking power ... It quickly became apparent that a military coup was the only way to prevent Allende's accession to power. The CIA established contact with several groups of military plotters and eventually passed weapons to one group (*The Senate Report*, "Covert Actions in Chile, 1963-1973" as quoted by Acemoglu & Robinson, 2019:412).

Many documents of U.S. policy toward Chile have yet to be declassified, which deepens the mystery of Hayek's and Friedman's involvement with General Augusto Pinochet (1915-2006), who took power after his forces violently overthrew Allende (who died by suicide — or was killed — during Pinochet's attack on the Presidential Palace) (Perkins 2007:128). Friedman visited Chile in 1975, giving stump-like speeches to rally government officials to hold the line on an economic plan for severe spending cuts and for privatizing all that Allende had nationalized. After meeting with Pinochet, Friedman wrote a lengthy letter, listing eight specific actions Pinochet needed to take, but here I quote just a short section:

There is only one way to end inflation: by reducing drastically the rate of increase in the quantity of money. In Chile's situation the only way to reduce the rate of increase in the quantity of money is to reduce the fiscal deficit. In principle, the fiscal deficit can be reduced by cutting government spending, by raising taxes, or by borrowing at home or abroad. Except for borrowing abroad, the other three methods will have the same temporary effects on employment, though affecting different people — cutting government spending will initially affect government employees; raising taxes will initially affect persons employed by taxpayers; raising borrowing will initially affect persons employed by the lenders of the persons who would otherwise have borrowed the funds.

If Chile now takes the right track, I believe it can achieve another economic miracle, that it can take off into sustained economic growth that will provide a widely shared prosperity. But to benefit from this opportunity Chile must first surmount a very difficult transitional period.¹³⁾

Pinochet wrote back, saying, "the Plan is being fully applied at the present time" (Pinochet as quoted by Klein 2007:99). Had Hayek and Friedman been agents of the CIA? My question may seem too preposterous to contemplate, but given the Nixon White House's ruthlessness it is not altogether implausible — in fact, during the 1950s, as part of its Cold War program to defuse socialistic ideas in Latin America, the United States had sponsored Chilean students to study at the University of Chicago (Harvey 2005:8). Friedman had some kind of supervisory role in Chile's lunge to a deregulated free-

market, but to what extent is difficult to determine (Friedman was not particularly known for any altruistic motives to volunteer for good causes).

Friedman, though he has vehemently denied he was an employee of the Chilean government, was certainly a cheerleader of his former graduate students, who developed an economic plan for Chile — as I will discuss below — based on neoliberal theories. The truth of Friedman’s role, in fact, may never be known — a good many of Chilean documents from this period have been destroyed. Friedman was especially pleased that Pinochet had absolute power, applauding him, since he could not be circumvented by any democratic forces, which Friedman called “special interests.” “Taken together,” Friedman said, “the three corners of the iron triangle [bureaucrats, politicians, and beneficiaries of government policy] guard against the dismantling the functions of government. The tyranny of the status quo is strong and difficult to break” (Friedman and Friedman 1982:51 as quoted by Biebricher 2018:232n11).

Hayek visited Chile twice, once in November 1977 and again in April 1981. In a 1981 (December 9) interview with *El Mercurio*, the pro-Pinochet newspaper, he revealed a side of himself that the public had rarely seen but one that many had suspected:

As long-term institutions, I am totally against dictatorships. But a dictatorship may be a necessary system for a transitional period. At times it is necessary for a country to have, for a time, some form or other of dictatorial power. As you will understand, it is possible for the dictator to govern in a liberal way ... During this transition it may be necessary to maintain certain dictatorial powers, not as something permanent, but as a temporary arrangement (Hayek as quoted by Biebricher 2018:146).

Did he mean that Pinochet was governing in a “liberal” way? I think this is safe to assume, since “liberal” for Hayek meant honoring the “free-market” as supreme, while purging one’s illusions of acting on an ethic of economic social justice (Piketty 2020:707). In the late 1970s Hayek claimed that *every* liberal democracy needed to go through a dictatorial destruction in order to build a new state apparatus more in line with the free-market’s natural forces (Biebricher 2018:146). Heady perhaps by Chile’s experiment, and as an advisor to Prime Minister Margaret Thatcher, he wrote to encourage her to assume dictatorial powers in the short-term to dismantle Britain’s state bureaucracy (she wrote back, saying that this was not consistent with Great Britain’s constitutional traditions) (Klein 2007:169). One may wonder at Hayek’s soundness of mind when reading of his obsessive insistence that political leaders purge, at least temporarily (but how long was “temporary?”), the checks and balances put into place by its citizens.

The terror Pinochet unleashed was unprecedented in Chile’s one-hundred-sixty years of democratic government and even in world history, with Suharto of Indonesia (1965) as the most infamous exception. The overpowering rage of Chile’s upper classes toward ordinary people equals the outraged masses of the French (1879) and Russian (1917) revolutions against their aristocracies. The elites cruelly took aim at the complete annihilation of Chile’s “liberal culture,” where even volunteers at soup kitchens were targeted. Never have the working-class and the poor been so despised, ill-treated, terrorized, and oppressed (Harvey 2005:8). As many have claimed, neoliberalism was a highly effective weapon that

“capital” mercilessly used in Chile against “labor” (Jones 2012:13; Harvey 2005:16).

Pinochet dissolved parliament and all elections, banned all leftist parties (by which he meant all opposition) and labor unions — and over the next decade killed up to thirty-five-hundred Chileans without a trial, imprisoning and torturing up to eighty-thousand, dismissing up to two-hundred-thousand from their jobs for harboring leftist views, and making illegal all gatherings of more than eight people. Even parents attending PTA meetings were arrested — and certainly no artist slept well at night (in fact over two-hundred-thousand Chileans fled) (Klein 2007:94). Pinochet quickly became enamored of presidential trappings, ordering wardrobes of golden Prussian-style uniforms and a fleet of golden bullet-proof Mercedes that he used to tour Santiago — it was more salt in the wounds for an already traumatized population. He had no intention of ever giving up power: “I am going to die,” he said. “The person who succeeds me also would die. But elections, you won’t have” (Pinochet as quoted by *Operation Condor* by Charles River Editions, 2019:10).

In November 1975, Pinochet began Operation Condor, an assassination squad to hunt down Chileans who had fled the country; it killed hundreds, most were living in Latin American countries, but some were also in Italy (Dinges 2004:129-132). In September 1976 it also spilled over into Washington DC, where it murdered Orlando Letelier (1932-1976), a former Chilean Ambassador to the U.S. and cabinet minister under Allende, detonating a car bomb as he and an assistant drove down embassy row (Klein 2007:91-103).¹⁴ It later became international, joining with Argentina, Bolivia, Uruguay, Paraguay, and Brazil to track down and assassinate leftists, targeting “those citizens that did not fit the model determined by the repressors to be suitable for new order being established in the country ... to establish a new order, like Hitler hoped to achieve in Germany, in which there was no room for certain types of people” (ibid., 126). Even the United States, with Henry Kissinger’s oversight, provided technology to assist Condor in coordinating its targeting (ibid., 112). Condor was enormously successful; it killed up to sixty-thousand people — thirty-thousand in Argentina alone.

Also in 1975, Pinochet accepted the plan the “Chicago Boys,” a group of Chilean economists, most of whom had studied at the University of Chicago. They called the plan “the Brick,” a voluminous economic policy based on neoliberal theories. Its main author, University of Chicago graduate Sergio de Castro, became Finance Minister. Working with the IMF, the “Chicago Boys” — a nickname that reveals a more sinister, mafia-like groupthink — implemented the Brick to reconfigure Chile along neoliberal lines (Harvey 2005:8).

In 1980 Pinochet passed a new Constitution, enshrining into law the continued private ownership of most public services. Article 24 denied due process, giving the president power to restrict the parliament and to restrict “free speech and to arrest, exile, or banish into internal exile any citizen, with no rights to appeal except to the president himself.”¹⁵ Essentially the new Constitution transferred the powers from elections and democratic procedures to the president. The work was finished: after decimating the working-class by brute force, privatizing banks, telecommunication companies, public schools, prisons, libraries, and cutting all public spending by twenty-seven percent, including free milk at public schools and free school transportation, Chile had become a corporate police state, wholly embodying Mussolini’s fascist vision (Harvey 2005:64; Klein 2007:105).

Chile’s economy under neoliberalism went into a freefall. Chilean economists outside the Chicago Boys

group realized the “reforms” had only enabled foreign corporations and investors to bleed the nation’s wealth as the people suffered extreme deprivation. Yet, the government trooped on undaunted, believing *in the long run*, all would be well. While Chile did have spurts of growth, the Brick, by and large, created severe recessions, as one would expect from such callow ideas. This is the curse of an ideology: When it fails, people blame its implementation, that it had not been strict enough, not the ideology. Yet, it did work for the rich. By 1989, a full fifteen-years after the coup, rich Chileans had seen their wealth increase by eighty-three percent, while the poor’s wealth had dropped by forty-three percent (Klein 2007:105). After 1990, democratically elected Chilean governments followed the Asian model of a government managed economy (this was eerily similar to Salvador Allende’s plan — please see Note 12), which finally delivered (Greider 1997:280). A democratic Chile, though, inherited more than spectacular economic inequality: it had the monumental task of cleaning up Pinochet’s police-state criminality.

In 1998, Juan Garcés, a Spanish human rights lawyer and adviser to Salvador Allende (in fact one of the last people Allende spoke to before his death), successfully petitioned a Spanish judge, Baltasar Garzón, to indict Pinochet under the European Counter-Terrorism Convention (for murder and kidnaping under Operation Condor).¹⁶⁾ Garzón ruled that Pinochet’s actions were “State Sponsored Terrorism” from his numerous extra-judicial killings. This further defined “Universal Jurisdiction,” that “crimes against humanity” upends the immunity of former political leaders (Dinges 2004:36-37). Scotland Yard arrested Pinochet in October 1998, after he traveled to Great Britain for medical treatment, and placed him under house arrest, where he remained for a year and a half. The British High Court of Justice seemed amenable to deporting him, but after deliberating for months in this highly sensitive case, ruled that he was not mentally competent to stand trial in Spain, and so released him in March 2000. From 2003 Chilean courts began to prosecute him on numerous charges and placed him under house arrest in 2006 for embezzlement of public funds (*Operation Condor* by Charles River Editions, 2019:84). His death a month later without facing any reckoning was his final injustice to the Chilean people and the world.

The ruling on Universal Jurisdiction, however, was a triumph for international justice.¹⁷⁾ It meant that leaders, who had previously enjoyed almost absolute immunity, could be held accountable for the crimes they committed against citizens of foreign nations. Declassified documents showed that Henry Kissinger, the only living member of Nixon’s Security Council, had been deeply involved in the planning of the coup and in the execution of Operation Condor. While the United States has yet to allow for International Criminal Court jurisdiction to deport former high officials to stand trial, former U.S. officials can be arrested when they travel abroad. In May 2001, France issued Kissinger a subpoena while he was there on a visit, but he did not respond and quickly slipped out of the country (Dinges 2004:243). He also declined to accept an award in Brazil after he learned he would be subpoenaed. Baltasar Garzón, in 2001, sent Kissinger thirty questions regarding his relationship to the Pinochet regime and Operation Condor (Kissinger never responded).¹⁸⁾

In 1976, Orlando Letelier, shortly before his assassination, wrote to Milton Friedman, telling him he was also culpable in Pinochet’s crimes (Klein 2007:122-123). Friedman, however, simply did not have the moral capacity to understand this, otherwise he would not have become Pinochet’s advisor (in whatever capacity this may have been). This was not merely guilt by association; he was also complicit, for he

certainly knew the horrors of the junta from the world press. In interviews he gave after 1990, Friedman declared that “economic freedom” always led to “political freedom” and took some credit for Chile’s transition back to democratic rule, from his neoliberal economic plans.¹⁹⁾

Friedman’s declaration is patently false on both points: The Peoples’ Republic of China, as mentioned above — with scores of other countries — though economically prosperous, shows no signs of democratic change (and probably never will, unless democratic reformers change the trajectory), and it was the people of Chile, not Friedman’s venomous advice (that only brought suffering), that wrested power back from the military junta, otherwise it would still be a dictatorship today. For Friedman to say this was the ultimate indignity to the millions of Chileans who suffered such extreme political and economic privation under Pinochet and the Brick, when the average family, even as it was terrorized by the horrors Pinochet had unleashed, spent seventy-five percent of its income on bread from all the spending cuts Friedman had recommended (Klein 2007:102). As Michael Harrington (1928-1989), the American journalist and founder of the Democratic Socialists of America, wrote:

It is ironic that capitalism whose defenders have always boasted of the links between markets and democracy, should have thus become a panacea for fascist, or near fascist, regimes (Harrington, 1989:171).

Pinochet had also embezzled up to twenty-eight-million dollars. Juan Garcés and other human rights lawyers recovered much of the money (hidden under false names in Riggs Bank of Washington DC), which Chile distributed to the thirty-thousand people Pinochet had tortured still alive.²⁰⁾ The 2013 Chilean conservative presidential candidate, Evelyn Matthei, said she had admired Pinochet’s soft blue eyes as a child (her father was a minister in the government). She first thought of them as friendly but later realized they were blank — behind those eyes lurked a sadistic and pathological murderer. Almost daily for seventeen years, Pinochet signed murder, torture, kidnapping, and assassination orders.²¹⁾ As befits a psychopath, he could never admit that he had done anything wrong, “If anyone should ask for forgiveness, it was the Marxists, Communists ... I feel like a patriotic angel.”²²⁾ The world will never forgive Friedrich Hayek, Milton Friedman, Henry Kissinger, and Richard Nixon for supporting this madman.

Chile today is still shaking loose from its prolonged trauma — it has one of the highest economic inequality rates in the world (the top-ten-percent are twenty-six times richer than the poorest ten-percent).²³⁾ In Hayek’s and Friedman’s colorless cosmos, there is no room for compassion, principle, and sacrifice for the public good — only greed is good — a world where corporations dominate: no community-sponsored art, music, dancing, festivals, or any other event that brings spice to life — even laughter is suspect (Harvey 2014:128). In October 2019 Chilean discontent, after simmering for decades, exploded after the government raised the price of metro tickets. 1.2 million took to the streets. The president reversed the ticket prices, but the protests continued against government corruption, economic inequality, elitism, the cost of living, the privatization of all public services — especially healthcare, pensions, and education. The protesters successfully lobbied to have Chileans vote on a referendum for a new Constitution, which took place in November 2020, approved by seventy-eight-percent of the popu-

lation. Now, as the new Constitution is drafted, a vote on it is set for November 2022. Pinochet said he stayed in power for so long to purge the ghost of Communism, now the people of Chile want not only an end to neoliberal ghosts in their country but also to forever purge the ghost of Augusto Pinochet.

5. Antidotes for economic inequality

Life has improved for most of the world during the past thirty-years, especially for those in the bottom fifty-percent, and globalization deserves a great deal of credit for this. Excluding the wealthy one-percent of the world's population, whose wealth since 1990 has increased by a whopping seventy-seven-percent, the poorest have seen advances of thirteen-percent (Banerjee & Duflo 2019:180). With this increase in earnings has come health and educational benefits. Infant and maternal mortality rates have dropped by fifty-percent worldwide since 1990, meaning that more than one-hundred-million people are alive today that would otherwise not be (ibid., 180). Eighty-percent of all children are vaccinated against some disease, with the international life-expectancy rate on average rising to seventy-years-old. Education today is almost universally available, except in war-torn areas. Sixty-percent of all girls finish primary school — thirty-year-old men have on average ten years of education and women of the same age nine years (Rosling 2018:3). Roughly eighty-percent of the world's population has access to electricity, thanks to national and international development projects.

In wealthy countries, however, some trends have been going in the opposite direction, in large part from poor government planning in dealing with the job loss from globalization: In the United States, the United Kingdom, Australia, Ireland, and Canada life expectancy for lower-income whites has fallen, drastically so in the United States (which is a bellwether for other white English-speaking countries): Low-income white men live on average fifteen-years less than their higher-earning counterparts (72.3 years compared to 87.3 years),²⁴⁾ due mainly to “despair deaths” (alcoholism, drug addiction, and suicide). An equally important reason, of course, is that economic growth stalled, as Richard Heinberg detailed in *The End of Growth* (2011), now that the world is running up against the limits of what nature can provide. In fact, wages for ninety-percent of Americans have not risen very much in real value in the past fifty-years, while the top one-percent have seen spectacular rises, growing one-hundred-times faster than the bottom fifty-percent since 1970.²⁵⁾ Discrimination in earnings, too, rips at the social fabric everywhere, especially evident in the United States: American women earn eighty-three-percent of men, black men earn seventy-three-percent of white men, and Hispanic men sixty-nine-percent of white men (Stiglitz 2019:41).

Thomas Piketty of France, Emmanuel Saez of Berkeley, and Ray Chetty of Harvard have convincingly shown the grave social dangers — and even the potential for social disintegration — when economic inequality rises too high (ibid., 39). This must be addressed. Today, in the United States with the top one-percent having forty-percent of the nation's wealth, it is greater than it was in the 1920s just before the Great Depression (Piketty 2020:658). If this trajectory continues, the share of the top one-percent will rise to sixty-percent by 2030 (Piketty 2013:369). In 2017 Oxfam reported that twenty-six individuals have fifty-percent of the world's wealth, equal to that of the bottom four billion people (Stiglitz 2019:43). In reality, the challenges where only the fortunate few enjoy the fruits of prosperity

are “structural,” meaning that these have come about from government policy (or the failure of it, especially tax policy). It is obvious that people at the bottom are enraged at a system that over-rewards the wealthy, yet working-class people are often confused and blame the wrong reasons why life is deteriorating for them, spawning the rise of dangerous conspiracy-theories and spurious demagogues.

The IMF has changed little, sad to say, since the Seattle protests of 1999. It was created as a force for greater economic equity, but as asserted by Joseph Stiglitz, *Globalization and its Disconnects* (2002), it became a tool of Wall Street, which profited enormously from its policies (Stiglitz 2017:341). As a clumsy and ferocious Leviathan, it was more likely to make conditions in countries worse than better. The IMF had for decades virtually managed the economies of small nations around the world in its Structural Adjustment programs, imposing strict limits on what those countries could spend on roads, schools, and healthcare, even as it forced them to open-up markets and to privatize public enterprises. The protesters at the Battle in Seattle were correct — the IMF could only be changed from outside pressure.

Originally designed to assist governments with needed capital to address “market failures,” it began with the premise that markets were imperfect and required skillful management — this was the job of governments — to use an array of tools to address downturns. Governments needed to spend more to ameliorate job loss with public projects and to lower taxes to encourage investment. Because revenues fall as a result, the Brenton Woods conferences designed the IMF to step in to assist with loans in the short-term, when it would be difficult for these countries to borrow from private banks. When its economic philosophy became neoliberal, however, after the 1973 oil embargo, it internalized the specious notion that unfettered markets will automatically correct and governments should *not* manage (markets are perfect and governments are flawed), it no longer could serve the purpose it was designed for. Put another way, the gloves no longer fit for the chores they were stitched for, which had become to ensure that investors got their profits.²⁶⁾

Yet, as its mighty and secretive citadels were shaken by vociferous and unrelenting criticism, even the IMF became a little less impervious to change. *Jubilee 2000*, a non-profit that advocated for the debt cancellation of over ninety-billion-dollars developing countries raked up — this has become an international movement — and both the IMF and World Bank have responded positively. In its heyday, the IMF lent billions to dictators around the world, money they pocketed for themselves, leaving the people with the additional burden to pay the loans off — the IMF knew its loans would never reach the poor of the country (it has also been roundly accused of supporting dictators *over* democratically elected leaders — neoliberal theories, as seen in Chile, are a better fit for ruthless dictatorships) (East-erly 2006:145; Klein 2007:341). So far, twenty-four countries have met its criterion for debt forgiveness (Stiglitz 2017:336). As many have pointed out, transparency, regulatory oversight, clear humanitarian goals are the first steps for significant reform (ibid., 367-368). Technically, though, transformation is possible since each country has a say, but the weight of the vote is based on a country’s GDP. The top ten in economic wealth, unfortunately, have fifty-percent of the vote, the bottom one-hundred-eighty member nations have the other fifty-percent.²⁷⁾

The World Bank, since it was created as a non-profit development bank, has been more in tune with

the needs on the ground than the IMF has been. It has also been more conciliatory toward the fierce criticism leveled against it from all sides and has shown itself to be remarkably nimbler in adapting to changing world realities. It began paying more attention to the people and their needs, designing programs that truly assisted long-term development (Collier 2018:122). It even recognizes that “egalitarian policies appear to help growth” (Stiglitz 2017:328-332). That is to say, the World Bank finally prioritizes a nation’s best interests above the multinationals clamoring for returns on investments as quickly as possible, but its focus has largely been on middle-income countries, not those most in need (Collier 2007:4).

Globalization has indeed helped spread prosperity, in spite of such regressive forces as the IMF, though unevenly and with horrendous environmental destruction and consequences to human health. Before Keynes everyone believed that markets were automatically self-correcting (Stiglitz 2017:330). This is certainly not the case. East Asian countries — Singapore, Taiwan, South Korea, Hong Kong, and Japan, with the Scandinavian countries and those of northern Europe — are models for a humane economic future for the world — their economies are managed to ensure equity. Globalization can be a much greater force for good, creating a more prosperous, humane, and peaceful world, once its priorities are focused on the welfare of all. I will refer to policies that have proven effective in lower economic inequality — though so much more is needed, small seeds planted effectively can help to change the current paradigm based on “Greed is Good.”

Conditional Cash Transfers have effectively addressed gross economic inequality. In 1997, Santiago Levy, an economics professor at Boston University and a deputy minister in the Mexican Ministry of Finance, realizing that small monthly cash payments would help not only poor families but also the Mexican economy (according to Keynesian theories), crafted the world’s first cash transfer program. But Levy knew that for it to be viable, he would need the support of conservatives, who are invariably against any *unconditional* payments to the poor (they want the money to go to the “worthy” poor) (Banerjee & Duflo 2011:78-79). Levy, therefore, made the payments *conditional*: Families receive the payments only if their children go to school and visit health clinics regularly (the program has endured and has been a spectacular success, with conservative support). Levy named it *Progresa*, subsequent Mexican governments changed it to *Oportunidades* and now to *Prospera*. In 2019 the newly elected progressive Mexican government lowered the number of conditions for the cash transfers, because these were too onerous for many women to fulfill and it has been too expensive to administrate. Simply identifying those eligible for payments costs ten-percent of what is transferred (Banerjee & Duflo 2019:275). From this modest beginning, conditional cash transfers have become incredibly popular. By 2014, one-hundred-twelve countries offered them (ibid., 288).

Also in 1997, and following Mexico’s *Progresa*, Cristovam Buarque, an economics professor at the University of Brasília (Brazil), began a small cash transfer program in the Province of Brasília, where he also served as Governor. This inspired Brazil’s President, Luiz Inácio da Silva, commonly known as “Lula” (2003-2010), to combine it with a national program called *Fome Zero* (Zero Hunger). The results were striking: Child labor quickly dropped by half, from three-million to one-and-a-half-million.²⁸⁾ The government named it *Bolsa Família* (Family Stipend). Its conditions were similar to those of Mexico:

regular school attendance, vaccinations, and medical checkups. The payments were relatively small (\$34 USD), about one-sixth the average national monthly income (a debit card is sent to the lady of the household).

This secure income, however, had the opposite effect of what the critics had feared — people worked harder, for it enabled them to have greater flexibility — with a little more dignity that comes with independence — and to take more risks in work opportunities. Further, they did not drink and gamble the money away, but spent it on food, school supplies, clothing, and shoes — in that order (*ibid.*, 289). For those in extreme poverty, who earn less than \$56.00 USD a month, Brazil offers an additional \$13.00 USD a month. By 2020, nearly fourteen-million Brazilian families were receiving the *Bolsa Familia*. Eighty-percent of the conditional cash programs goes to those in extreme poverty, bringing-down income inequality by twenty-percent. It has also reduced suicide rates in Brazil from 2004-2012 by as much as seven-hundred-percent. Brazil remains a country of extreme economic inequality, where the top decile's share of the wealth is at fifty-five percent (Piketty 2020:260-261), but it would be much worse without the cash transfer programs.²⁹⁾

Universal Basic Income (UBI) is also catching on as a way to address intolerable economic inequality. Governments exist to fill in the voids left when no institution, tradition, or the free-market is able to. After years of the U.S. cutting taxes on corporations and the top-earners, the government lacks many instruments to implement national programs for the poor and needs to rebuild governmental instruments. Former president Ronald Reagan (1911-2004) blamed poverty on welfare benefits that made people lazy, but fortunately the pushback against these naïve and cruel stereotypes has been sustained and forceful. The disquieting elections of 2016 seen in various parts of the world reveal that large segments of the “working-poor” are hardened against the status-quo they feel has left them out — a UBI may offer a more general sense of inclusiveness. This could be paid for by a tax on “capital” (Piketty 2020:559-562). While it has yet to be adopted by most developed countries, the idea is germinating — from North America to Europe and to South Asia; it may have more board support than at first imagined, both among liberals and conservatives. Conservatives in the United States say — at least on paper — that the people themselves should determine what is best for them. They have railed against the food supplement program, for example, known as SNAP (Supplemental Nutrition Assistance Program), because the benefit can only be used for food, and which requires an expensive bureaucracy to implement.

Universal Basic Income has many advantages, therefore. It does not require a large and expensive bureaucracy and it reduces the numbers of children living in poverty significantly, studies have shown (Stiglitz 2019:190-191). With UBI, the debate is how to identify those most needy, which would require more government bureaucracy, adding to the expense of the transfers: “If UBI were paid only to the poorer half of Americans it would cost a much more affordable 1.95 trillion. But it would require targeting, with all its pitfalls” (Banerjee & Duflo 2019:283). Taxes on capital are essential, as Thomas Piketty has written (Piketty 2020:979): “... a progressive wealth tax is an indispensable tool for ensuring a greater circulation of wealth and broader diffusion of property than in the past.” This “wealth tax,” as some economists have applauded, would be a two-percent tax on citizens with assets of more than fifty-

million-dollars — about seventy-five-thousand households in the U.S. — with a three-percent tax on those with more than one billion in assets — this would raise about 2.75 trillion over ten years or about one-percent of the U.S.'s GDP (Banerjee & Duflo 2019:264). If UBI were \$3,000 USD a year per person, say, a family of four in the U.S. would receive an additional \$12,000 USD a year — this would keep most families above the poverty line of \$24,000 USD.

Governments have generally done a poor job in assisting those who suffered job loss as a result of globalization, when an homegrown industry, part of a region for generations, packs up and moves to another country, leaving the local community devastated. Unions had advocated for job retraining to help people recover (Dray 2011:552), but as union voices have weakened in the U.S. and Great Britain after the Reagan and Thatcher years, never really returning to their pre-1980 era levels, policies that might have lessened the suffering were never fully implemented (Wolff 2012:6-7; Acemoglu & Robinson 2019:473-475). Further, from about 1973, robots began replacing many industrial jobs, another painful cause of job loss. In July 2021, nations reached a global agreement that all multinational companies, which have quietly moved to tax havens around the world, pay a basic tax rate of fifteen-percent wherever they say their headquarters are — the details are still being worked out, but this will almost certainly mean more money from revenues for government programs for job displacement.³⁰⁾

UBI, needless to say, cannot substitute for the satisfaction people receive from their jobs, but it can lessen anxiety about whether one can pay the bills, and it is a relatively easy therapy for a lot of the heartache that comes from job loss. Already, the tools are in place from various social programs in both developed and developing countries. A UBI, then, will be cheaper to implement within this existing framework (Banerjee & Duflo 2019:302).

6. Public-profit from social-entrepreneurs

I use the term “public-profit” for “non-profit” to highlight that the goals are for a healthier society for everyone. Usually founded by humane individuals, these organizations fill the chasms left by the free-market and government initiatives. Since the founders have often attempted to redress conditions that caused suffering in their own experience, they are refreshingly free of patronizing attitudes. People are often traumatized by their own poverty, crippled emotionally by the great stigma of being poor. Adding to this is the accusation that poverty is their own fault. Rather, public-profit groups approach personal challenges first with a goal for healing, with programs based on cooperation with — rather than making demands on — those who have tumbled out of a cruel and punishing economic system. I will mention a few organizations that have aided those everyone else has ignored or shunned: Grameen Bank, BRAC, and ATD Fourth World. These, among countless others, may tilt the world toward a future of greater equity.

The first is Grameen Bank. Its founder, Muhammad Yunus, who as a young economics professor wanted to understand what the poor needed to better their lives. Since he did his dissertation on water reservoirs, he often visited the countryside near Chittagong University (in Chittagong, Bangladesh) to see how farmers were coping with irrigation challenges, especially after the historically severe drought that hit in the winter of 1973 (causing a killer famine in 1974). In early spring, he did his first “lending,”

making small loans to a few farmers in Jorba to dig wells for a two-crop season (rather than just one). They flourished with two seasons, though since there was no formal agreement none repaid him.

Mr. Yunus, then, unwittingly struck gold. While out for a walk he met Sufiya Begum, weaving bamboo stools along the sidewalk and selling them for two-cents each. She told him the interest on the loans for bamboo was ten-percent a day — which amounts to an astronomical thirty-six-hundred-percent a year if left unpaid. Mr. Yunus decided to help and lent twenty-seven-cents to each of the forty-two women along the sidewalk, and he charged them two-cents each for interest. All repaid him, plus the interest, and from this modest beginning he launched an international revolution. Grameen Bank, founded in Dhaka, Bangladesh, focuses exclusively on microfinance programs and other services for the poor. Today, in 2021, microfinance groups are lending to nearly seven-hundred-million customers — eighty-percent are women — in seventy-seven countries, dispensed by over three-thousand organizations of various sorts. The repayment rate, I might add, is over ninety-five percent:

The basic premise of Yunus' view of the world, shared by many in the micro-finance movement, is that everyone has a shot at being a successful entrepreneur First, they haven't been given a chance, so their ideas are probably fresher and less likely to have been tried already. Second, the market so far has mostly ignored the bottom of the pyramid. As a result, it is argued, innovations that better the lives of the poor have to be low hanging fruit, and who better than the poor themselves to think of what they could be (Banerjee & Duflo 2011:207-208)?

Microcredit developed six simple goals: 1) It focuses on the working-poor, who earn between \$1,000 USD to \$5,000 USD a year; 2) It requires no collateral; 3) It requires “group-lending,” to small communities of like-minded people, usually of about twenty-five; 4) It lends at lower rates of interest than commercial banks (or moneylenders); 5) Its loans are small, averaging about \$26 USD; 6) It focuses on well-being as a humanitarian goal. Microcredit programs have had such high repayment rates because the “group,” itself, is the collateral, responsible collectively for the repayment of all loans (Yunus 2017:88). Mr. Yunus, however, saw microcredit as just one tool that might be helpful to the large numbers of people that commercial banks refused to service.³¹⁾ He calls Grameen's efforts “social businesses,” meaning they are based on a system where the main benefit is for a more decent society, pioneering a necessary shift (from harsh neoliberalism) toward a more humane ethic:

Thus, microcredit is not just about giving tiny loans to poor women. It is a challenge to the entire financial system. Grameen Bank does everything that the traditional banker used to claim was impossible. It is a simple truth that, if you go by the same road, you'll reach the same destination. If you want to reach a new destination, you'll have to find a new road; if the new road does not exist, you'll have to build it. The road is the means, not the end. In the existing financial system, the road has become the end, while the destination is forgotten (Yunus 2017:237).

Brazil has also incorporated microcredit into an effective poverty-reduction tool. From 2003, after Lula was elected — and funded by the public (Feil and Slivnik 2019:93) — Brazil's microcredit program has

proven among the most successful in the world. Microcredit in Brazil, though, was just one part of an array of programs that included “Bolsa Família,” among many others. Together these cut the numbers of those in extreme poverty by half in ten years.³²⁾ It was decidedly *not* a free-market solution. Its success came from the hard work of government (mostly civil-servants) that pulled everyone together for real and long-term solutions. Its only “profit-motive” was for social improvement.

Brazil undermined neoliberalism with an alternative model, therefore, away from the free-market passivity of an “invisible hand” leading the way to a poverty-free-world — Friedrich Hayek (1944) and Milton Friedman (1962), as we know, had said that only for-profit financial entities, privately owned, could create sustainable prosperity.³³⁾ Another Brazilian public-profit microcredit bank, *Crediamigo*, is the largest in Latin America, with two million customers in one-thousand-nine-hundred-eighty-nine cities (Feil and Slivnik 2019:97). Loan officers are public servants, whose salaries are not based on commissions, with the goal to include everyone, or as many as possible (ibid. 96). Programs like these democratized credit, in line with Muhammad Yunus’ original vision for public-profit and government-initiated programs: “The key factors ... are the extent of state funding (keeping interest rates low) and state direction (ensuring as much as possible that the poor only move into potentially sustainable businesses are provided with much support thereafter)” (ibid. 107).³⁴⁾

BRAC (Bangladesh Rural Advancement Committee), as Grameen founded in Dhaka, Bangladesh, went a step further as it developed its mission from its inception in 1972. Sir Fazie Hasan Abed, its founder, concentrated on those in abject poverty who were mostly dependent on others; none had ever had a business or ever dreamed of having one.

BRAC began by “lending” animals (not money), mostly pairs of cows or goats or even small flocks of chickens. Studies on the results have been impressive. Researchers found that people who participated were ten-percent richer after two years. This shows they are moving forward, and these are people nearly everyone else ignored or had given up on (Banerjee & Duflo 2011:212). Just tending animals was therapeutic and they found they could earn a little money from the milk, eggs, and offspring. Today, BRAC is the largest development organization in the world, with offices in thirteen-countries in Asia and Africa. BRAC nudges people, usually those without hope, to put their feet on the first rung of the ladder to a better life:

The bigger point is that a little bit of hope and some reassurance and comfort can be a powerful incentive ... As a result, there are always worries about being overindulgent to the slothful poor. Our contention is that for the most part, the problem is the opposite: It is too hard to stay motivated when everything you want looks impossibly far away. Moving the goalposts closer may be just what the poor need to start running toward them (Banerjee & Duflo 2011:204).

ATD Fourth World, launched in Paris by Joseph Wresinski (1917-1988), a Roman Catholic priest, coined the motto: “All Together in Dignity to Overcome Poverty,” and is famous today for International Day for the Eradication of Poverty. Wresinski grew up the child of poor Polish immigrants and so he understood early-on how poverty was systemic, based on exclusion from mainstream life, that mars and cripp-

ples those at the bottom. In the 1950s, he designed the program to first show “acceptance,” something few other charitable organizations would dare do. As BRAC, ATD Fourth World tends to work with those everyone else either rejected or has given up on. (Many programs directed at the poor are also seeking success in their efforts, since funding is usually based on this, and so choose those most likely to succeed).

Wresinski’s own experience of poverty inspired him to a deeper understanding of the reasons for poverty — namely, it is not the poor’s fault they are poor — but the circumstances of birth or of mild disabilities. The system, then, is responsible for poverty (this is not accepted by the Right-wing in France even today). Simply the trauma of poverty hampers the poor’s way from entering the mainstream workforce, forcing them into cycles of dependence on welfare — often against their will — and then they are expected to be grateful these services. “Wherever men and women are condemned to live in extreme poverty,” Wresinski said, “human rights are violated. To come together to ensure that these rights are respected is our solemn duty.”

Many of today’s economic and political systems were born out of extreme exclusionary practices, cruel to their core, and people have only to remember how indigenous peoples were treated in regions the West colonized — and the colonists’ attempts to “civilize” natives on their own terms. Canada, Australia, and the United States, as just a few of the more “humane” examples, forced indigenous children into boarding schools, separating them from their families, and forbidding them to speak their own languages (within the past year, the discoveries of unknown mass-graves of children from boarding schools in Canada and the United States has reopened this gruesome episode).³⁵⁾ In a sense, the myriads of programs available today have been designed to colonize the poor. Unwittingly, some charitable organizations have plugged into this template, believing they must destroy the culture of those in poverty to liberate them.

ATD Fourth World’s goals, by contrast, is that everyone can (and should) have a job, if only employers allow for the proper support required. Many, needless to say, have alcoholic or drug addiction challenges, physical disabilities, and even severe psychological disorders. In seminars to prepare them for work, they are told that “help” is a two-way street, that they must participate in their own development, then, in a step-by-step process. For public-profit organizations such as ATD, there is no failure. With its focus on the “whole person,” no one expects immediate returns — social workers may not even observe much change in the beginning — yet years ahead, after even the social workers have faded from the scene, the positive results may become evident (Banerjee & Dufo 2019:317).

These three groups represent a new spirit, away from competitive domination and toward a more humane ethic of one-world-together. They follow Eugene Debs (1855-1926), the American socialist, arrested as a peace advocate at the start of the First World War, in violation of the Sedition Act (1917), who said at his trial: “While there is a lower class, I am in it; while there is a criminal element, I am of it; while there is a soul in prison, I am not free.”

7. Conclusion

In this article I have referred to the needed changes of an all-embracing system to propel humanity

forward. The twentieth-century witnessed catastrophic revolutions that wreaked great havoc on the world that endures today. We have also considered the more modest revolution, from habits of the heart many internalized from Adam Smith. Modest shifts can be just as revolutionary. Paul Collier and John Kay, *Greed is Dead* (2020), wrote of the revolution that takes place when large numbers of people move from a “Me” to a “We” mindset, from self-centeredness to other-centeredness: “The intellectual tide is turning away from adversarial tensions of individual-or-state Individualism is loneliness, not liberation; the shelter of the bunker ultimately fails. Belonging does not shackle us to burdens, it brings us home to our humanity” (Collier & Kay 2020:156).

Notes

- 1) Created in 1995, the World Trade Organization balances trade conflicts through negotiations and creates rules for trade (some of which did benefit developing countries). It also is a judicial system to solve trade disputes (Stiglitz 2017:369) — its conferences, however, showed its structural inequality, with the European Union sending hundreds of lawyers to press its will, compared to just one or two negotiators from most African countries with cash crops (Kenya, Ethiopia, and Uganda for example). The negotiations usually took place in “private” meetings, among the rich nations which by and large determined the rules. It was always David versus Goliath, with Goliath always winning. At the time of the protests in 1999 the developing world saw the WTO as an extension of the IMF and the World Bank’s efforts to dominate the world economically. The WTO was never able to force the EU or North America to give up their subsidies to farmers, the reason developing countries could not compete. Yet, the WTO, which replaced GATT, has proven a dismal failure, as Paul Collier has written in *The Future of Capitalism* (2018): “Whereas the GATT achieved six mutual trade rounds in its first seventeen years, the WTO has failed to conclude even a single round in twenty-three years.” The WTO, as Paul Collier had stressed earlier, needed to unilaterally end tariffs against countries in the “bottom billion” as a gift (Collier 2007:171). Even this was too much for the WTO.
- 2) I will quote an anecdote from *Good Economics for Hard Times* (2019:1) by Banerjee and Duflo: “A woman hears from her doctor that she has only half a year to live. The doctor advises her to marry an economist and move to South Dakota. Woman: ‘Will this cure my illness?’ Doctor: ‘No, but the half year will seem pretty long.’”
- 3) William Easterly, in his book, *The White Man’s Burden* (2006:213-214), believed IMF policies have been effective, listing a few meager examples: 1) Thailand and South Korea were helped with loans in the 1980s. The IMF loans were repaid and later economic growth increased; 2) Mexico was helped with loans in 1994-95 — The loans were repaid and Mexico had economic growth in 1997-98; 3) East Asia in 1997-98 received loans, which helped South Korea in particular.
- 4) Acemoglu & Robinson also wrote of the Unshackled Leviathan, meaning a totalitarian state that brutalizes its own citizens to stay in power. No one following the 1989 Tiananmen Massacre of early June by the Chinese Liberation Army, unleashed by Deng Xiao-ping, will ever forget the horror of the soldiers gunning down the parents of the protesters who had come to the Square to find out about their children. Using high-velocity, extremely deadly tracer bullets, these Liberation Soldiers shot waves of parents in the back, as they fled. The parents returned several times, holding hands, only to be mowed down repeatedly. It murdered at least ten-thousand unarmed protesters and their parents.
- 5) John Maynard Keynes died just a month after the conference negotiations ended in Savannah, Georgia in March 1946, leading to recognition the incredible stress Keynes had been under during two years of negotiations that prematurely ended his life at the age of sixty-two.
- 6) The value of the book today is also as a legitimate warning of how demagogic leaders can use foreign wars to impose greater social control on citizens. Philip Dray, *There Is Power in a Union* (2010:361), wrote, “These three

- acts [the Sedition Act of 1917, the Seduction Act of 1918, and The Immigration Act of 1918] were so sweeping and so broadly written that numerous cases arose of labor organizers, immigrants, and other individuals being arrested who had done little more than speak, write, or express an interest in the [IWW], anarchism, or the political situation in Russia.” Specifically, war undermines three fundamental rights: 1) Freedom of Speech; 2) Freedom of Association; and 3) the Right to a Trial (Habeas Corpus) — to be formally charged with a crime or to be released from prison. Both Chelsea Manning and Edward Snowden were charged under the Espionage Act (1917) for revealing secret state surveillance on American citizens as legitimate whistleblowers.
- 7) Friedrich Hayek once wrote, “ ... that if democracy is taken to mean government by the unrestricted will of the majority, I am no democrat” (Hayek, 2003:39, as quoted by Biebricher 2018:83). Of course, it is false to say that democracy is the “unrestricted will of the majority.” It is not. He added, in 1991, that “personally, I prefer a liberal dictator to a democratic government lacking in liberalism” (Hayek as quoted by Bierbricher 2018:74). Please see Hayek’s chapter in *Serfdom* “Planning and Democracy” for a bewildering journey through his thinking on this topic.
 - 8) Keynes and Hayek were on friendly terms for almost two decades, each the honored, sometimes semi-divine, leader of a rival school: Cambridge versus London School of Economics. An extensive correspondence survives, which is fascinating on many levels. Yet, Keynes was often frustrated with Hayek, who from Keynes’s perspective could not define anything in a way that anyone could understand. And often Keynes became bored with Hayek. An anecdote survives that both served sentry duty in 1942, assigned to remain together all night on top of the chapel at King’s College to watch for Nazi bombers (Wapshott 2011:vii).
 - 9) Some Western leaders must have known — though I exclude British Prime Minister Margaret Thatcher and American President Ronald Reagan — that they were buying “snake oil” by adopting the Chicago School’s formulas, relinquishing outright their obligations as elected officials to protect the vulnerable working-class — but the promise (or illusion) of economic growth was so much more important to them, since their careers depended on this. They sacrificed their authority to an old tyranny: the free market controlled by robber barons, which left the most vulnerable at the mercy of their lunge for greater profits. Hayek had said that he strove for “competition,” (Hayek 1956:85-86), but admitted that monopolies would emerge in the short-term (ibid., 89). One has only to view the healthcare in the United States, where five companies compete — not for lower prices — but to see how much they can charge and get away with it. This has made healthcare in the United States the most expensive in the world — because this conglomerate is a permanent monopoly. The tragedy of the 1980s is that Reagan and Thatcher blamed the poor for their lot. Since the free-market is perfect, something must be wrong with the people: The poor *chose* to be poor.
 - 10) Acemoglu & Robinson, *Narrow Corridor* (2019:467): “So Hayek’s mistake was twofold. First, he did not foresee the power of the Red Queen (public accountability) and recognize that it could keep the Shackled Leviathan inside the corridor. Second perhaps unsurprisingly, he did not see what is now much more evident — the need for the state to play a role in redistribution, creating a social safety net and regulating the increasingly complex economy that had already emerged in the first half of the twentieth century.”
 - 11) John Kenneth Galbraith mocked the *Trickle-Down Theory* of the Reagan years, “The poor do not work because they have too much income; the rich do not work because they do not have enough income. You expand and revitalize the economy by giving the poor less, the rich more” (Galbraith as quoted by Wapshott 2011:263).
 - 12) Allende’s plan was in fact excellent, as Michael Harrington brought out, “ ... to build democratic socialism on the basis of an expansion of living standards for the entire society rather than upon a sacrifice of consumption to investment ... to increase the buying power of the poorest strata, to control prices to protect against inflation and set off a consumption-led boom ... Finally, the Chilean government would buy out foreign companies to nationalize them” (Harrington 1989:171).
 - 13) Milton Friedman’s letter to Augusto Pinochet, retrieved on September 5, 2021: <https://genius.com/Milton-friedman-letter-to-president-augusto-pinochet-annotated>

- 14) Orlando Letelier, the year he was murdered wrote, “ ... during the last three years [of Pinochet] several billions of dollars were taken from the pockets of wage earners and placed in those of capitalists and landowners ... concentration of wealth is no accident, but a rule; it is not the marginal outcome of a difficult situation — as the junta would like the world to believe — but the basis for a social project; it is not an economic liability but a temporary political success” (Letelier as quoted by Klein 2007:105-106).
- 15) Please see website retrieved on September 6, 2021: <http://countrystudies.us/chile/87.htm>
- 16) Please see website, retrieved on September 5, 2021: <https://rightlivelikelihood.org/the-change-makers/find-a-laureate/juan-garces/>
- 17) John Dinges, *The Condor Years* (2004:36): “[Universal Jurisdiction] was revolutionary because it was the first time the principles developed by the victors in World War II were used to prosecute an ally rather than an enemy of the countries bringing the charges.”
- 18) Please see website, retrieved on September 6, 2021: <https://www.counterpunch.org/2002/04/28/henry-kissinger-wanted-man/>
- 19) Please see interview, retrieved on September 6, 2021: Friedman, Milton (10 January 2000). “Up for Debate: Reform Without Liberty: Chile’s Ambiguous Legacy”. PBS.
- 20) Please see the interview, retrieved on September 4, 2021, on *Democracy Now*, September 11, 2013: “The Pinochet File: How the U.S., Politicians, Banks and Corporations Aided Chilean Coup, Dictatorship.” <https://www.youtube.com/watch?v=01KhrikY07g>
- 21) Please see interview, retrieved on September 1, 2021: “Chile Divided: Pinochet’s Social Legacy,” <https://www.youtube.com/watch?v=F6ibj2ZInLk>
- 22) Please see *Operation Condor: The History of the Notorious Intelligence Operations Supported by the United States to combat Communists across South America* by Charles River Editors, 2019.
- 23) Please see article, retrieved on September 7, 2021, by Shivani Ekkanath, May 26, 2017: <https://www.borgen-magazine.com/economic-inequality-in-chile/>
- 24) Please see website, retrieved on September 11, 2021: <https://news.harvard.edu/gazette/story/2016/04/for-life-expectancy-money-matters/>
- 25) Please see website, retrieved on September 11, 2021: <https://www.commondreams.org/news/2019/12/09/staggering-new-data-shows-income-top-1-has-grown-100-times-faster-bottom-50-1970>
- 26) IMF “Economic Shock Therapy,” as discussed with regards to Chile (1973), where eighty-two percent of the population fell into poverty, has caused acute hardship globally, especially in Russia (1992), East Asia (1997), and throughout Latin America (1990s). Shock therapy boomeranged back on the IMF itself, from its horribly misguided policies in Argentina (1998), when its bailout program threw half of all Argentinians into poverty. In reality, IMF policies cannot help developing countries (its record here has been absolutely abysmal) when its goal has been to stabilize international finance (making sure banks get repaid). Its primary goal, unfortunately, has been to plug developing countries into world trade as quickly as possible and this has had dire consequences: “Forcing a developing country to open itself to imported products that would compete with those produced by certain of its industries, industries that were dangerously vulnerable to competition from much stronger counterpart industries in other countries can have disastrous consequences — socially and economically” (Stiglitz 2002:17).
- 27) Please see websites, retrieved September 11, 2021: <https://www.imf.org/en/About/Factsheets/Sheets/2016/07/27/15/24/How-the-IMF-Makes-Decisions>
- 28) Please see website, retrieved on September 18, 2021: <https://www.coha.org/made-in-brazil-confronting-child-labor/>
- 29) Please see website, retrieved on September 20, 2021: <https://www.centreforpublicimpact.org/case-study/bolsa-familia-in-brazil/>

- 30) Please see website, retrieved on September 21, 2021: https://ec.europa.eu/commission/presscorner/detail/en/QANDA_21_3564
- 31) During a volunteer trip to build houses with students in February 2012 (a Habitat for Humanity project), I visited Grameen Bank hoping to meet Mr. Yunus. The staff led me through a courtyard to a simple two-floor office building that houses all the projects, where Mr. Yunus also lived. I spoke at length with the very friendly dean of the nursing college, connected to the University of Glasgow. She herself was Scottish. A spray and energetic woman, she explained the program that offered scholarships to prospective young women in the countryside, who now reside in dormitories on the campus in Dhaka to study. Since Mr. Yunus was returning from an overseas trip that very evening, she encouraged me to return the next day to meet him. That evening, however, I was so stricken with dysentery that I ended up in the hospital for four days. I was touched, though, by the openness of the people at Grameen. These are people, “of the people,” available even to strangers arriving unannounced.
- 32) Please see a report from the World Bank, retrieved on September 11, 2021: <http://www.worldbank.org/en/news/opinion/2013/11/04/bolsa-familia-Brazil-quiet-revolution>
- 33) Joseph Stiglitz 2003:73: “Behind the free-market ideology there is a model, often ascribed to Adam Smith, which argues that market forces — the profit motive — drive the economy to efficient outcomes, *as if by an invisible hand*.” But, as I have pointed out, Smith was writing for a pre-industrial age. Neoliberals have certainly misused his great work to justify their own extreme ideologies.
- 34) This included the following (Feil and Slivnik 2019:100): “1) facilitation for opening checking accounts (with no fees charged, a procedure already being adopted by Banco do Nordeste’s Crediamigo); and 2) the creation of legal measures that allowed for the ‘payday loan’ or ‘salary loan’ sector to expand. This particular measure aimed at the increase in the general credit supply, as Brazil has, even today, one of the lowest rates of credit to GDP in the world — around 55 percent in 2015.” Please see the article, retrieved September 5, 2021, from *Insead*, “Social Versus Commercial Enterprises” by Anne-Marie Carrick-Cagna: <https://docplayer.net/51770722-Social-vs-commercial-enterprise.html>
- 35) Please see articles retrieved on September 20, 2021: <https://www.livescience.com/childrens-graves-residential-schools-canada.html>
<https://www.teenvogue.com/story/indian-residential-schools-graves>

References

- Acemoglu, Daron and James A. Robinson (2012) *Why Nations Fail: The Origins of Power, Prosperity and Poverty*. London: Profile Books, Ltd.
- Acemoglu, Daron and James A. Robinson (2019) *The Narrow Corridor: States, Societies, and the Fate of Liberty*. New York: Penguin Books (2020).
- Arendt, Hannah (1951) *The Origins of Totalitarianism*. Orlando, Florida: Harcourt, Inc.
- Banerjee, Abhijit V. and Esther Duflo (2011). *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. New York: PublicAffairs.
- Banerjee, Abhijit and Duflo, Esther (2019) *Good Economics for Hard Times: Better Answers to Our Biggest Problems*. New York: Penguin Books.
- Bateman, Milford, Stephanie Blankenburg and Richard Kozul-Wright, Eds. (2019) *The Rise and Fall of Global Microcredit: Development, Debt and Disillusion*. New York: Routledge.
- Biebricher, Thomas (2018) *The Political Theory of Neo-Liberalism*. Stanford, California: Stanford University Press.
- Bloom, Allan (1987) *The Closing of the American Mind: How Higher Education Has Failed Democracy and Impoverished the Souls of Today’s Students*. New York: Simon & Schuser.
- Charles River Editors (2019) *Operation Condor: The History of the Notorious Intelligence Operations Supported by the United States to Combat Communists across South America*.

- Collier, Paul (2007) *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It*. Oxford: Oxford University Press.
- Collier, Paul (2018) *The Future of Capitalism*. London: Penguin Books (2019).
- Collier, Paul and John Kay (2020) *Greed is Dead: Politics After Individualism*. London: Penguin Random House UK.
- Dinges, John (2004) *The Condor Years: How Pinochet and His Allies Brought Terrorism to Three Continents*. New York: The New Press.
- Dray, Philip (2010) *There Is Power in a Union: The Epic Story of Labor in America*. New York: Random House, Inc.
- Easterly, William (2006) *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*. New York: Penguin Books (2007).
- Feil, Fernando and Andrej Slivnik (2019) "Brazil: Latin America's Unsung Hero," in *The Rise and Fall of Global Microcredit: Development, Debt and Disillusion*. New York: Routledge.
- Friedman, Milton (1962) *Capitalism and Freedom: Fortieth Anniversary Edition*. Chicago: The University of Chicago Press (2002).
- Fukuyama, Francis (1992) *The End of History and the Last Man*. London: Penguin Books.
- Gordon, Richard J (2016) *The Rise and Fall of American Growth: The U.S. Standard of Living Since the Civil War*. Princeton, New Jersey: Princeton University Press.
- Greider, William (1997) *One World, Ready or Not: The Manic Logic of Global Capitalism*. New York: Simon & Schuster.
- Harrington, Michael (1989) *Socialism: Past and Future: The Classic Test on the Role of Socialism in Modern Society*. New York: First Arcade Paperback Edition (2011).
- Harvey, David (2005) *A Brief History of Neoliberalism*. Oxford, England: Oxford University Press.
- Harvey, David (2014) *Seventeen Contradictions and the End of Capitalism*. Oxford, England: Oxford University Press Paperback (2015).
- Hayek, F. A. (1956) *The Road to Serfdom: The Definitive Edition*. Introduction by Bruce Caldwell (2007). Chicago: The University of Chicago Press (2007).
- Heinberg, Richard (2011) *The End of Growth: Adapting to Our New Economic Reality*. Gabriola Island, BC: Canada.
- Hobbes, Thomas (1651) *Leviathan*. London: Penguin Classics (2017).
- Johnson, Chalmers (2000) *Blowback: The Costs and Consequences of American Empire*. New York: Henry Holt & Company, LLC.
- Jones, Daniel Stedman (2012) *Masters of the Universe: Hayek, Friedman, and the Birth of Neoliberal Politics*. Princeton, New Jersey: Princeton University Press.
- Keynes, John Maynard (1936) *The General Theory of Employment, Interest and Money*. Hertfordshire, England: Wordsworth Classics of World Literature (2017).
- Klein, Naomi (2007) *The Shock Doctrine: The Rise of Disaster Capitalism*. New York: Metropolitan Books.
- Operation Condor: The History of the Notorious Intelligence Operations Supported by the United States to Combat Communists across South America* (2019). Charles River Editions.
- Perkins, John (2007) *The Secret History of the American Empire: The Truth About Economic Hit Men, Jackals, and How to Change the World*. New York: Plume Penguin Group.
- Piketty, Thomas (2013) *Capital in the Twenty-First Century* (Translated Arthur Goldhammer). Boston, MA: First Harvard University Press paperback edition (2017).
- Piketty, Thomas (2020) *Capital and Ideology* (Translated by Arthur Goldhammer). Cambridge, Massachusetts: The Belknap Press of Harvard University Press.
- Rosling, Hans (2018) *Factfulness: Ten Reasons We're Wrong About the World — and Why Things Are Better Than You Think*. London: Hodder & Soughton Ltd.
- Sachs, Jeffrey D. (2005) *The End of Poverty: Economic Possibilities for Our Time*. New York: Penguin Books.

- Smith, Adam (1776) *An Inquiry into the Nature and Causes of the Wealth of Nations*. London: Wordsworth Classics of World Literature (2012).
- Stiglitz, Joseph E. (2002) *Globalization and its Discontents*. New York: W.W. Norton & Company.
- Stiglitz, Joseph E. (2006) *Making Globalization Work*. New York: W.W. Norton & Company.
- Stiglitz, Joseph E. (2017) *Globalization and its Discontents Revisited: Anti-Globalization in the Era of Trump*. London: Penguin Random House UK.
- Stiglitz, Joseph E. (2019) *People, Power and Profits: Progressive Capitalism for an Age of Discontent*. London: Penguin Random House UK.
- Wapshott, Nicholas (2011) *Keynes/Hayek: The Clash That Defined Modern Economics*. New York: W.W. Norton & Company.
- Wolff, Richard (2012) *Democracy at Work: A Cure for Capitalism*. Chicago: Haymarket Books.
- Yunus, Mohammad (2017) *A World of Three Zeroes: The New Economics of Zero Poverty, Zero Unemployment, and Zero Carbon Emissions*. Brunswick, Victoria, Australia: Scribe Publications.

