THE INVISIBLE DOCTRINE

The Secret History of Neoliberalism

(& How It Came to Control Your Life)

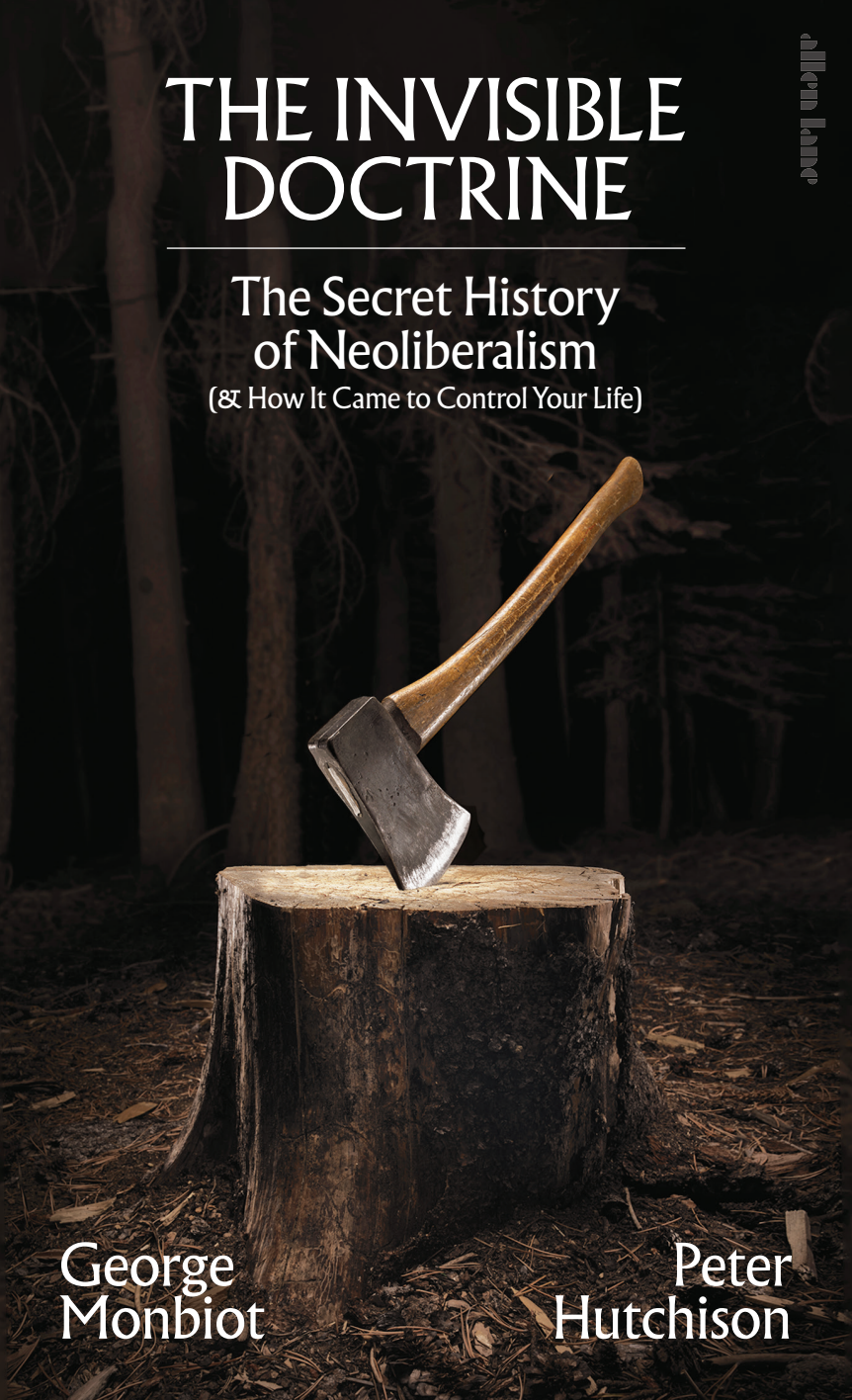

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Table of Contents

1.

The Anonymous Ideology

Imagine that the people of the Soviet Union had never heard of Communism. That's more or less where we find ourselves today. The dominant ideology of our times – that affects nearly every aspect of our lives – for most of us has no name. If you mention it, people are likely either to tune out, or to respond with a bewildered shrug: 'What do you mean? What's that?' Even those who have heard the word struggle to define it.

Its anonymity is both a *symptom* and a *cause* of its power. It has caused or contributed to most of the crises that now confront us: rising inequality; rampant child poverty; epidemic diseases of despair; off-shoring and erosion of the tax base; the slow degradation of healthcare, education and other public services; the crumbling of infrastructure; democratic backsliding; the 2008 financial crash; the rise of modern-day demagogues, such as Viktor Orbán, Narendra Modi, Donald Trump, Boris Johnson and Jair Bolsonaro; our ecological crises and environmental disasters.

We respond to these predicaments as if they occur in isolation. Crisis after crisis unfolds, yet we fail to understand their common roots. We fail to recognize that all these disasters either arise from or are exacerbated by the

same coherent ideology – an ideology that has, or at least *had*, a name.

Neoliberalism. *Do you know what it is?*

So pervasive has neoliberalism become that we no longer even recognize it as an ideology. We see it as a kind of 'natural law', like Darwinian selection, thermodynamics, or even gravity – an immutable fact, a non-negotiable reality. What greater power can there be than to operate namelessly?

But neoliberalism is neither inevitable nor immutable. On the contrary, it was conceived and fostered as a deliberate means of changing the nature of power.

2.
The 'Free' Market

What is neoliberalism? It's an ideology whose central belief is that competition is the defining feature of humankind. It tells us we are greedy and selfish, but that greed and selfishness light the path to social improvement, generating the wealth that will eventually enrich us all.

It casts us as *consumers* rather than *citizens*. It seeks to persuade us that our well-being is best realized not through political choice, but through economic choice – specifically, buying and selling. It promises us that by buying and selling we can discover a natural, meritocratic hierarchy of winners and losers.

'The market', it contends, will – if left to its own devices – determine who deserves to succeed and who does not. The talented and hard-working will prevail, whereas the feckless, weak and incompetent will fail. The wealth the winners generate will trickle down to enrich the rest.

By contrast, neoliberals argue that an active state seeking to change social outcomes through public spending and social programmes rewards failure, fuels dependency and subsidizes the losers. It creates an unenterprising society, run by bureaucrats, who stifle innovation and discourage risk-taking, to the impoverishment of us all. Any

attempt to interfere with the market's allocation of rewards – to redistribute wealth and improve the condition of the poor through political action – impedes the emergence of the natural order, in which enterprise and creativity are rightly rewarded. At the same time, neoliberals contend that government intervention and bureaucratic control will inevitably lead to tyranny, as the state gains ever more power to decide how we should live.

The role of governments, neoliberals claim, should be to eliminate the obstacles that prevent the discovery of the natural hierarchy. They must cut taxes, shed regulation, privatize public services, curtail protest, diminish the power of trade unions and eradicate collective bargaining. They must shrink the state and blunt political action. In doing so, they will liberate the market, freeing entrepreneurs to generate the wealth that will enhance the lives of all. Once the market has been released from political restraints, its benefits will be distributed to everyone by means of what the philosopher Adam Smith called the 'invisible hand'. The rich, he claimed:

> . . . are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants, and thus without intending it, without knowing it, advance the interest of the society.[1]

It is fair to say that it hasn't quite worked out like this. Over the past forty years, during which neoliberalism has prevailed both ideologically and politically, wealth – far from

trickling down – has increasingly become concentrated in the hands of those who already possessed it.[2] As the rich have grown richer, the poor have grown poorer, and extreme poverty and destitution now blight even the richest nations. And, while the state might have deregulated finance and other commercial sectors, leaving their bosses freer to behave as they wish, it has reasserted control over other citizens – intruding ever further into our lives as it stifles protest and restricts the scope of democracy.

Even on its own terms, as this book will show, neoliberalism has failed – and failed spectacularly. It has also inflicted devastating harms on both human society and the living planet, harms from which we're at risk of never recovering. In terms of the spread and reproduction of its world view, however, it has been astonishingly successful.

Over the years, we have internalized and reproduced neoliberalism's creeds. The rich have allowed themselves to believe they've secured their wealth through their own enterprise and virtue – conveniently overlooking their advantages of birth, education, inheritance, race and class. The poor likewise have internalized this doctrine, and begun to blame themselves for their situation. They become defined, from within as well as without, as losers.

So, never mind structural unemployment: if you don't have a job, it's because you're unenterprising. Never mind the impossible costs of rent: if your credit card is maxed out, it's because you're incompetent and irresponsible. Never mind that your school has lost its playing field or you are living in a food desert: if your kid is fat, it's because you're a bad parent.

The blame for systemic failure is individuated. We absorb this philosophy until we become our own persecutors. Perhaps it's no coincidence that we've seen a rising epidemic[3] of self-harm and other forms of distress, of loneliness, alienation and mental illness.

We are all neoliberals now.

3.
The Fairy Tale of Capitalism

Neoliberalism is often described as 'capitalism on steroids'. It treats some of capitalism's most oppressive and destructive practices as a kind of holy writ that must be protected from challenge, and tears down the means by which they might be restrained. If we are to understand neoliberalism, we must first understand capitalism.

Throughout the media we see an unremitting, visceral defence of capitalism – but seldom an attempt to define it, or to explain how it might differ from other economic systems. It's treated as another natural law, as if it were the inevitable result of human evolution and endeavour.

But, like neoliberalism, capitalism didn't spring organically from the ground. Listening to some of its defenders, you could be forgiven for thinking that they may not be aware of the origins of capitalism – or perhaps even comprehend what it is.

The standard definitions are along these lines:

> Capitalism is an economic system in which private actors own and control property in accord with their interests, and, in response to the constraints of demand and supply, set prices in free markets. The essential feature of capitalism is the motive to make a profit.

Such definitions, however, are insufficient. They fail to distinguish the peculiarities of capitalism from the simple business of buying and selling, which in various forms has prevailed for thousands of years. They also fail to mention the coercion and violence upon which capitalism depends. With this in mind, we'd like to offer a definition we feel is more specific and precise, although it will take some unpacking:

> Capitalism is an economic system founded on colonial looting. It operates on a constantly shifting and self-consuming frontier, on which both state and powerful private interests use their laws, backed by the threat of violence, to turn shared resources into exclusive property, and to transform natural wealth, labour and money into commodities that can be accumulated.

Let's explore what this means.

While capitalism's origins are disputed, we believe there is a case for tracing them to the island of Madeira,[1] 320 miles off the west coast of north Africa. Madeira was first colonized by the Portuguese in the 1420s. It was a rare example of a genuinely uninhabited island. The Portuguese colonists treated it as *terra nullius*: a 'blank slate'. They soon began clearing it of the resource after which it was named: *madeira* is Portuguese for wood.

At first, forests on the island were felled to meet the need for timber – which had been all but exhausted in Portugal and was in high demand for shipbuilding – and to clear land for raising cattle and pigs. In other words, the original colonists simply extended the economy with

which they were familiar. But after a few decades, they discovered a more lucrative use of Madeira's land and trees: producing sugar.

Until that point, economies had remained, at least in part, embedded in religious, ethical and societal structures. Land, labour and money tended to possess social meanings that extended beyond the value that could be extracted from them. In medieval Europe, for instance, feudal economies – while highly oppressive – were strongly connected to both the Church and a codified social system of mutual obligation between large landowners and their serfs or vassals.

On Madeira, as the geographer Jason Moore has shown,[2] a form of economic organization developed that was in some respects different from anything that had gone before. On this newly discovered island, the three crucial components of the economy – land, labour and money – were detached from any wider cultural context, and turned into commodities:[3] products whose meaning could be reduced to numbers in a ledger.

Onto the blank slate of Madeira's land, the colonists imported labour in the form of slaves, first from the Canary Islands 300 miles to the south and then from Africa. To finance their endeavours, colonists imported money from Genoa and Flanders. Each of these components – land, labour and money – had been stripped of their social meanings before. But arguably not all in the same place, at the same time.

By the 1470s, this tiny island became the world's biggest source of sugar. The fully commoditized system that the Portuguese created was astonishingly productive. Using

slave labour, freed from all social constraints, the colonists were able to produce sugar more efficiently than anyone had done before. But something else was new – the amazing speed at which that productivity peaked and then collapsed.

Sugar production on the island peaked in 1506, just a few decades after it began. Then it fell precipitously, by 80 per cent within twenty years – a remarkable rate of collapse. Why? Because Madeira ran out of *madeira*. Stoking the boilers needed to refine and process a kilogram of sugar required 60 kilograms of wood. The enslaved labourers had to travel further and further afield to find this wood, extracting it from ever steeper and more remote parts of the island. In other words, more labour was needed to produce the same amount of sugar. In economic terms, the productivity of labour collapsed, tumbling fourfold in twenty years. In tandem, the forest clearance drove several endemic Madeiran animal species to extinction. The island-wide disturbance of forest ecosystems was sufficiently serious that the first of several major extinctions of endemic molluscs occurred in the early sixteenth century, the result of 'rapid and large-scale change in the habitat, from woodland to grassland'.

So what did the Portuguese sugar planters do? They did what capitalists everywhere would go on to do. They left. They took their operation to another recently discovered island further south, São Tomé, 190 miles off the west coast of central Africa. There the pattern that had been established on Madeira was repeated: Boom, Bust, Quit.

When sugar production in São Tomé went bust, the Portuguese moved on again – this time to the coastal

lands of Brazil, where their much bigger operations followed the same script: Boom, Bust, Quit. Then other imperial powers moved to the Caribbean, with the same results, burning through one frontier after another. Since then, the pattern has been followed across countless commodities and commercial schemes – the sparks that ignited Madeira's forests scattered across the world. They continue setting fire to ecosystems and social systems to this day, consuming all that lies in their path. This seizure, exhaustion and abandonment of new geographical frontiers is central to the model we call capitalism.

'Boom, Bust, Quit' is what capitalism *does*. The ecological crises it causes, the social crises it causes, the productivity crises it causes are not perverse outcomes of the system. They *are* the system.

Before long, Portugal was supplanted by other nations, and England quickly became the dominant colonial power. Over the course of the next several centuries, European colonial powers systematically looted one region after another. They stole labour, land, resources and money, which they then used to stoke their own Industrial Revolutions. The UK's great and unequal wealth was built on colonial theft in Ireland, the Americas, Africa, India, Australia and elsewhere. One estimate suggests that, across 200 years, Britain extracted from India alone an amount of wealth equivalent to $45 trillion in today's money.[4]

To handle the greatly increased scope and scale of transactions, the colonial nations established new financial systems that would eventually come to dominate their economies – instruments of extraction whose use has intensified. It continues today with ever-increasing

sophistication, assisted by offshore banking networks.[5] Powerful people and corporations seize wealth from around the world and hide it from the governments that might otherwise have taxed it, and from the people they have robbed. As offshore tax havens and secrecy regimes shift capital ever further out of sight, this disappearing act has created its own new capitalist frontier in the invention of ever-more creative financial schemes.

Using international debt and the harsh conditions attached to it (a system known as 'structural adjustment'),[6] tax havens and secrecy regimes, transfer pricing (moving wealth between subsidiaries),[7] and other clever instruments, rich nations have continued to loot the poor, often with the help of corrupt officials and the proxy governments they install, support and arm. Commodity traders working with kleptocrats and oligarchs fleece poorer nations – seizing their natural resources, effectively without payment. The US research group Global Financial Integrity estimates that $1.1 trillion a year flows illegally out of poorer nations,[8] stolen through tax evasion and the transfer of money within corporations.

If this rapacious cycle were interrupted, the system we call capitalism would fall apart. Capitalism depends upon constant growth, and must forever find new frontiers to colonize and exploit. So now its attention turns to the deep ocean floor, in search of mineral clusters to mine, and fish populations yet to be driven to exhaustion. It looks to outer space, seeking to extract minerals from planets and asteroids, or to stake out new colonies:[9] escape hatches for the super-wealthy to be exploited once Earth is no longer habitable.

A system based on perpetual growth cannot exist without peripheries and externalities (the 'unintended', and often devastating, consequences of economic activity). There must always be an extraction zone, from which materials are taken without full payment; and a disposal zone, where costs are dumped in the form of waste and pollution. As the scale of economic activity increases, so capitalism transforms every corner of the planet – from the atmosphere to the deep ocean floor. The Earth itself becomes a sacrifice zone. And its people? We are transformed into both consumers and consumed.

All exploitative systems require justifying fairy tales, and the true nature of capitalism has been disguised from the beginning by such myths and fables. The Portuguese colonists on Madeira claimed that there had been a natural apocalypse,[10] a wildfire that raged for seven years, consuming all the wood on the island. There was an apocalypse all right, but there was nothing natural about it. The island's forest was incinerated by a different blaze – the fires of capitalism.

The fairy tale of capitalism grew wings in 1689, when John Locke published his *Second Treatise of Civil Government*.[11] Locke claimed that 'in the beginning all the world was America'. By this, he meant a *terra nullius*: like Madeira, a no man's land in which wealth was just waiting to be taken. But, unlike Madeira, the Americas were heavily inhabited – by tens of millions of indigenous people. To create his *terra nullius* they would have to be erased – either eradicated or enslaved.[12]

But this was just the beginning of Locke's myth-making. He went on to claim that the right to own land,

and all the wealth that sprang from it, was established through hard work. When a man has 'mixed his Labour' with the land, Locke asserted, he 'thereby makes it his Property'.

Of course, indigenous peoples around the globe had spent thousands of years mixing their labour with the land, long before European colonists arrived. But Locke, without ever acknowledging that he had done so, created a Year Zero, a unique and arbitrary moment at which a particular person – a European man of property, of course – could step onto a piece of land, stick a spade into the earth, and claim it as his own. After he had 'mixed his Labour' with the land at this fairy-tale moment, a colonist could erase all prior rights and claim all future rights, as soon as the metal made contact with the soil. He and his descendants thenceforth acquired exclusive and perpetual rights to the land – the land they had stolen – and the right to do with it as they chose.

'But, hang on . . .' you may ask, 'did European men of property actually drive that spade into the ground with their *own* hands?' This question exposes another of capitalism's justifying myths: that one person's labour can belong to another. As was often the case with colonial enterprise, it wasn't the men of property who were breaking a sweat; rather, it was the labour they claimed to own. While scholars still debate Locke's contradictory views on slavery, his claim that after a man has 'mixed his Labour' with the land, then he 'thereby makes it his Property', validated the acquisition of large-scale property rights via slave ownership.

When you strip capitalism's justifying myths away,

you see something that should be obvious. Capitalism is not, as its defenders insist, a system designed to distribute wealth, but one designed to capture and concentrate it. The fairy tale that capitalism tells about itself – that you become rich through hard work and enterprise – is the greatest propaganda coup in human history.