

Mr. Bush and Neoliberalism<sup>1</sup>  
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While the United States has been a central actor in creating the trade, debt and investment regimes of neoliberalism, less attention has been given to the relation of neoliberalism to America's muscular foreign policy under George W. Bush and its neoconservative premises. In this paper I first clarify what is meant by neoliberalism and argue that Bush Doctrine policies can be interpreted as strategy for expanding applicability of neoliberalism through parts of the global south which had previously rejected Washington Consensus doctrine. A second section examines the particular version of neoliberalism undertaken by the Bush Administration, and not only in relation to Iraq. It argues that the manner in which privatization, contracting out, and deregulation are implemented are significantly at variance from the transparency and adherence to free market principles neoliberalism in theory celebrates. A third examines the Bush electoral coalition and leading factions within the Administration, suggesting that this historic bloc represents a departure from the makeup of the establishment coalition which traditionally governs the American polity. A fourth section examines the oppositional forces arrayed in critique of the Bush agenda ranging from political moderates, traditional conservatives, libertarians, mainstream multilateralists and corporate interests representing large scale capital. The conclusion is drawn that the Bush Administration's strategic emphases are within the historic American foreign policy consensus and that the rationalist political economy emphasis with which many analysts have approached neoliberalism needs be broadened to take this reality into account even if his unilateralist policies are repudiated for a more traditional multilateralist approach to exercising hegemony. Finally some questions are raised as to where Bush policies fit in terms of pre-September 11<sup>th</sup> discourses of human rights and democratization-oriented military interventions and peacekeeping missions.

The goal of neoliberalism is to expand the domain of private exchange, establishing institutions and norms maximally market driven. Neoliberalism presumes that a lack of individual liberty is the great evil, coercion by the state the greatest

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danger, and freeing markets from constraints and distortions productive of more rapid economic growth. First generation critiques of neoliberalism imposed on developing countries stressed the confluence of economic and financial crises and slower growth following adoption of its policies. This discourse established the iatronic nature of the prescriptions of the global state economic governance institutions, especially the International Monetary Fund, the World Bank and the World Trade Organization (Tabb, 2004). A second critical discussion foregrounded the manner in which local elites influence the implementation of the neoliberal agenda to enhance their own power, economic and political (Schamas, 2002). First generation critique was of policy failure, the second of opportunism.

In this paper I suggest a third discourse of critique focused not on developing nations or international regime enforcement, but the United States. It addresses three related research questions. The first is whether the Bush invasion and regime change project in Iraq is “neoliberal.” The answer depends, as a former U.S. president might have said, on what the meaning of neoliberalism is. I have already suggested definition of the term in accord with general academic usage. But as I have argued elsewhere (Tabb, 2003) the unannounced agenda of neoliberalism has been to increase the leverage transnational corporations and international financiers over dependent economies. Therefore whether we see a new mutation of neoliberalism in the Bush policies or the end of the neoliberal epoch is a matter of what we see as the central aspect of the neoliberal project. On another level the answer to this question is historically contingent. That is it might convincingly be “yes” if the project were a success but “no” if, as now appears likely, it is judged a costly failure. This contingency takes us to the nature of neoliberalism as a project especially the tension between its free market premises and in the present paper the interests of the Bush Administration and the fractions of capital central to it. The case can be made that “a good imperialism” can be theorized as the logical next step for neoliberalism. In a context of the demise of the Soviet Union, overwhelming U.S. military dominance, and the limited effectiveness of traditional tactics to work against countries rich in natural resources, extending neoliberalism can be effected by unnuanced confrontation and military force – or so the Bush team presumed. I suggest IMF conditionalities, World Bank imposed structural adjustment, or World Trade Organization level playing field regulations to protect property rights, trade openness and investor access are not strong enough weapons for reorienting certain types of social formations. Where local coalitions cannot be assembled around neoliberal goals through the usual incentives and blandishments it is tempting for the world’s hyper power to employ more direct threats and indeed use of violence. The argument is that the Bush policies can be understood both as in pursuit of neoliberal policies by

other means and consistent with U.S. hegemonic strategy and tactics of long duration even though important supporters of global neoliberalism finds such an approach highly problematic. Indeed, the foreign policy establishment, business interests, and conservative politicians oppose what is seen as ill considered adventurism and argue that a more cautious realist approach remains the better strategy.

A second question raised is: can a comparison usefully be made between the corrupt manner in which elites in developing countries have manipulated the neoliberal project and that in which privatization, contracting out of war related functions, and liberalization have been imposed by the U.S. Coalition Provisional Authority in Iraq be seen as essentially similar phenomena? I suggest that the trajectory of neoliberalism in the case of the contemporary U.S. can be interpreted in terms of the distributional coalition favoring and favored by its policies in much the same way hegemonic coalitions in less economically developed countries have embraced neoliberalism, implementing its programs in ways enhancing their own interests, economic and political. The case study literature supports the view that neoliberalism is generally implemented on the basis of political favoritism and crony lines (Schamis, 2002). Such a second stage critique of neoliberalism has generally been applied to developing economies. I argue things are little different in the way the United States imposes neoliberal policies in Iraq.

Thirdly, while in the case of less developed countries neoliberalism could successfully be imposed over the objection of citizens not only due to their economies dependence and vulnerability but also the self interested actions of important fractions of the local elites, so too in the nations of the core the particular forms neoliberalism takes is guided by the ideologically dominant interpretation of globalization's imperatives, the fractions of capital which are central to the state's political administration, and the tolerance of their supporting coalition for policies which may not be in the general interest. While I will stress the U.S. case, it is generally true that with the implementation of neoliberal policies challenging postwar tripartite, welfare statist, and corporatist norms there is redefinition of property rights and citizen entitlements which redistribute political and economic power which has commonalities across the global north as well as global south. The state is "reformed" within a regime change from National Keynesianism to Global Neoliberalism based on a new ideological hegemony supporting empowered interest groups and class fractions.

## **Neoliberalism and The War on Terrorism**

In the realm of U.S. foreign policy following the destruction of the World Trade Center there was an ideological-discursive shift from the soft discourse of persuasion of earlier administrations which stressed the inevitability, automaticity of a leaderless, market-driven process to the imperial language of unilateralism and U.S. dominance. Economic globalization led by U.S. transnationals is accompanied by military globalization directed by the Pentagon under its civilian commanders. This shift has been urged and celebrated by liberal imperialists and neoconservatives embracing informal empire as for example in the advocacy by Max Boot in his book, *The Savage Wars of Peace*, (the title from Kipling), in which Boot writes of the many foreign lands crying out for enlightened foreign administration. It is the job of American imperialism to impose the rule of law, property rights, even free speech at gunpoint if need be. For the world's only superpower military conquest allows the victor to rewrite property rules, abridge existing contracts, and impose new norms of economics and to do so, it is said, in the interests of freeing people now under oppressive regimes as well as its own. Such policies have also coincided with rejection and abrogation of many proposed and existing international agreements by the United States.

In a number of fora the United States has tied security to free trade, political freedom to economic freedom, human rights to property rights, turning all agendas to promotion of Washington's war on terrorism and then using the demands of that war as laid out by Washington as justification for its neoliberal agenda. A world in which small countries have been told "You are with us or with the terrorists," implies an escalation of the stakes in rejecting U.S. initiatives in global economic and financial negotiations. The anti-terrorism agenda which itself has morphed into war, regime change, and occupation of Iraq appears to have trumped economic policy goals for the long historical moment through which the world is passing, one in which we are seeing a return to Cold War-like priorities and thinking in Washington.

The Bush shock and awe tactics in Iraq were intended among their goals to suggest an urgency of reform to the traditionalists of the region. Much of the world saw the actions as imperialist. Anti-globalization activists were quick to suggest the connection between neoliberalism and war. Describing Paul Bremer's plans for U.S. corporate takeover of Iraqi markets, actions which destroyed local competitors and set up rules intended to ensure that no future Iraqi government would be capable of reversing a new property rights regime and a broader imposition of neoliberalism, Naomi Klein (2003:10) writes "Bremer is Iraq's one-man IMF." But things have not

gone as imagined. Part of U.S. failure in Iraq is the result of the neoliberal model the Bush Administration imposed on that country, which ignored provision of basic public services and more generally an almost wilful lack of planning beyond that undertaken to protect the oil. Some part of the failure resulted from the corruption and incompetence of the way a crony neoliberalism was implemented.

A significant part of the failure of the United States in Iraq comes from desire to privatize and as quickly as possible to destroy economic activities dominated by state-designed and state-operated entities. Thus state-owned companies were abandoned to limp along. Well over a year after the U.S. occupation began it was reported that “with its ambitious goals of converting Iraq into a free-market model for the Middle East, the wheels of Iraq’s daily economy are barely turning.... Little reconstruction is evident. Bombed or looted buildings remain vacant shells. Factories remain still, idled by lack of electricity, the absence of a market and a shortage of raw materials, equipment parts and motivation. U.S. plans to privatize Iraq’s antiquated government-run industry fell flat.” (Struck, 2004: A14) In the summer of 2004 when Iraq was meeting only 60 to perhaps 80 percent of its demand for potable water it was announced by the Ministry of Municipalities and Public Works that infrastructure reconstruction projects would have to be seriously scaled back because of rising costs associated, according to an official at the Ministry, with the security demanded by Western companies who were hiring large numbers of private guards, setting up elaborate base camps and traveling only in heavily armed convoys, offering much higher salaries than Iraqi companies, paying skyrocketing insurance premiums and requiring far more administrative support to comply with U.S. imposed regulations. The official said Iraqis could do the job far faster and cheaper, noting that the ministry would not be dealing with the corrupt local firms chosen by the American prime contractors appointed by the U.S. controlled Coalition Provisional Authority (Glanz, 2004:A8).

The Brookings Institution’s Iraq Index figures for electric supply, oil production, civilian casualties and other indicators demonstrate the failures of the Coalition Provisional Authority. A June 2004 report by Christian Aid reported the CPA resisted audit of its spending in violation of UN resolutions and suggested that since the CPA had been dissolved no report of the unaccounted for billions was likely to be made even if further embarrassing revelations can be expected. It is not too early to “say the obvious. By making Iraq a playground for right-wing economic theorists, an employment agency for friends and family, and a source of lucrative contracts for corporate donors, the administration did terrorist recruiters a big favor.” (Krugman, 2004:A27) In a sense U.S. priorities of free markets over meeting basic

needs in the less developed world, its insistence on neoliberal privatization, deregulation and shrinking government are the economic accompaniment of its diplomacy of hegemony, preemption and unilateralism.

While I discuss the manner in which neoliberal policies are carried on in Iraq, there is a broader story of course. The administration of George W. Bush did not originate the contracting out of government services. This process is of long standing going back in its current form to the Thatcher-Reagan revolution in attitude toward government's relation to the market. But with the Bush Administration the dependence of the federal government on private contractors to draw up, award and monitor such contracts has expanded exponentially as the federal government eliminated 46,000 civil service jobs and added 730,000 contract positions from 1999 to 2002 and more since then. Among the staff cuts has been the elimination of half of the federal employees who were the buyers, auditors and contract managers, a dubious savings to taxpayers. The Bush Administration planned to contract out half the remaining 850,000 civil service jobs. Deregulation domestically has been a source of vast riches in a host of industries from telecommunications to the financial sector. The stakes are high so that it is rational to invest huge amounts in political campaigns. The military has been dramatically affected. Private contractors are now involved in preparing the President's defense budgets and in "committing, obligating and expending funds" (McCarthy, 2004:E1).

Michael Scherer (2002:58) who has documented abuses of privatization quotes a retired thirty year Pentagon veteran, "There is a let's-give-away the government-as-fast-as-we-can attitude." He notes that the government in hiring private sector contractors to monitor contracts the government was giving up the ability to know whether the job is being done right. Scherer quotes Comptroller General David Walker who was "not confident that agencies have the ability to effectively manage cost, quality, and performance in contracts" and called challenges to contract oversight "unprecedented." with a "high risk" for fraud and abuse. The contracting out of procurement and service provision can lead to the atrophy or dismantling of government capacity to properly monitor cost, quality and compliance more broadly. This has led to cost overruns and government paymasters who lack competence to judge product delivery or properly assess justified cost in cost-plus contracts. This pattern of privatization is familiar to students of neoliberal policy implementation in other sectors of developing and transitional economies. What elsewhere is called crony capitalism where connections between political figures and their associates who gain privileged access as public resources are privatized is evident in the petro-military area so central to the Bush coalition and governance structures.

While officials of the U.S. Coalition Provisional Authority said that most of the contracts paid from Iraqi money went to Iraqi companies it never released information which would allow this claim to be verified. It is now clear that most of the contracts with 85 percent of the Iraqi monies spent went to U.S. companies. Most notable was \$1.66 billion to a Halliburton subsidiary (KBR) to import oil from Kuwait on a no bid contract which is under investigation for serious overcharging. Among about \$8 billion Halliburton stood to make were a number of building contracts, on which Mohammed Aboush, who was director general in the oil ministry during the occupation says he and other Iraqi officials were not consulted. He says he informed his American “advisers” at the CPA that Iraqis felt KBR’s performance had been inadequate and that he preferred another company take over its work. Aboush says he was ignored and believed the decision to give such contracts to Halliburton was political (Cha, 2004b:19).

Halliburton argues, I think correctly, that they are only getting so much attention because of the Cheney connection. These sorts of accounting questions come up all the time in procurement contracts, especially in the area of military spending. Judging by the incidence of under performance, malfeasance, waste, fraud and political favoritism, the argument can be made of systemic failure. According to a report by the Center for Public Integrity (2004), the 71 companies that received contracts for work in Afghanistan or Iraq contributed more than a half million dollars to the Bush 2000 campaign. Nearly 60 percent of the companies had employee or board members who either served in or had close ties to the executive branch of Republican or Democratic administrations, members of Congress of both parties, or at the highest levels of the military. At a 1999 conference organized by the Project for a New American Century, (an organization to be discussed) Bruce Jackson who was both the Lockheed vice president and financial chair and chief fund raiser for the first presidential campaign of George W. Bush explained that if his man were elected that he personally would write the Republican platform on defense (Gray, 2003). At the time Lynn Cheney, the soon to be vice president’s wife was on Lockheed’s board of directors. This is the same Lockheed famous for charging the taxpayers \$640 for a toilet seat in earlier contracts. When Mr. Cheney at the time Halliburton’s CEO left to seek the vice presidency he took David Gribben from Halliburton with him to direct congressional relations for the new administration. Halliburton had hired Gribben from his former job as Dick Cheney’s chief of staff at the Pentagon where he was liaison between the defense contractors and the Department of Defense.

The revolving door career paths of Cheney and Gribben while not illegal are

perhaps ethically suspect since the Bush Administration has been a profit center for Halliburton. Halliburton has built prison camps in Guantanamo, the American embassy in Kabul, and supports the troops logistically all over the Middle East and Central Asia. Halliburton in 1991 had designed the complex support contract procedure under which it was to receive so many contracts, many on a no bid and cost plus basis for the Pentagon at the request of the then Secretary of Defense in 1991, Dick Cheney. In effect it had thanks to Mr. Cheney created its own market. In between his bouts of public service Mr. Cheney acquired \$44 million at Halliburton and holds stock options worth another \$18 million. As Jane Meyer (2002:82) writes “As a government official and as Haliburton’s C.E.O., he has long argued that the commercial marketplace can provide better and cheaper services than a government bureaucracy. He has also been an advocate of limiting government regulation of the private sector. His vision has been fully realized.” Such conflict of interest is familiar to students of privatization in less economically developed countries. Under this Administration cronyism is most evident in the defense industry, a central sector of the economy and a major source of wealth for retired (and active) government officials. Sam Gardiner, a retired Air Force colonel, who has taught at the National War College told Mayer (2004:85) that so many contracts in Iraq were going to companies with personal connections with the Bush Administration that the procurement process had in essence become a “patronage system.” The official audit of the Coalition Provisional Authority reveals it to have skirted its own rules in awarding contracts and inappropriately bestowing sole source no bid contracts, with billions of dollars coming from Iraq’s oil monies, rushed in the last days before the handover. By contrast, it spent only \$366 million of the more than \$18 billion for Iraqi reconstruction authorized by the U.S. Congress. Halliburton was the largest single recipient of Iraqi oil funds under the occupation according to the U.S. Army Corps of Engineers figures – thanks to receiving a contract to restore the country’s oil infrastructure awarded without competitive bidding. The U.N. Monitoring Board declared that the U.S. Administrator’s non-competitive awards to Halliburton were “a source of concern.”

Another familiar aspect of the way neoliberalism operates to lower cost and increase efficiency is illustrated in the manner in which KBR, the Halliburton subsidiary, hired through five layers of subcontractors and employment agents thousands of workers from as far away as the Phillippines and India, some of whom were paid a tenth or less than U.S. workers and put in combat zones (when some were told they would be going to Kuwait) without the protections issued to U.S. contract workers, often cheated of wages, given inadequate food and living conditions and unable to get home when they found the extravagant promises made to them to be



false (Cha, 2004a:16). The neoliberal principles of contracting out and privatization of government functions meant that civilian contractors (numbering 20,000 in private security jobs alone) were the largest “coalition” force in Iraq after the U.S., numerically larger than the British presence. They were largely unregulated and as it turned out when the scandals at Abu Ghraib prison became public beyond the reach of any real supervision or accountability. There was a happy synergy between the desire of top civilian authorities to skirt the Geneva Conventions and the willingness of private contractors to meet their expectations. The roots of such policies and of the U.S. offensive strategy to remake the world is associated with neoconservative intellectuals and policy makers.

### **The Neocons**

Will Hutton (2003) is not totally wrong in his dismissive characterization of this school of thought when he says: “American Neoconservatism is a very idiosyncratic creed. Its pitiless view of human nature, its refusal to countenance a social contract, its belief in the raw exercise of power – ‘full spectrum dominance’ – its attachment to Christian fundamentalism, its attitude toward abortion and capital punishment, and its deification of liberty of the individual are a mismatch of ideas that have no parallel anywhere. It is an outlier within the Western conservative tradition, and it has taken very special circumstances for it not to be more seriously challenged intellectually, culturally, and politically within America.” But then he goes on, “Without the collapse of American liberalism, the openness of American democracy to the influence of corporate money, and the continuing resentments of the distinct civilization below the Mason-Dixon line, this Neoconservatism would never have come to have the influence it has.” Well, yes. But these are very central elements in the present American reality. U.S.-style liberalism has had no answer to globalization’s market-led imperatives and the manner in which the most transnationalized fractions of capital have moved their political allegiances from the National Keynesian growth coalition of the postwar period to the neoliberal agenda which serves their interests in the new conjuncture. The defeat of liberalism has been forged out of the Southern and Plains states’ backlash culture and religious fundamentalism, celebration of individualism, hostility to Big Government, opposition to unions, to redistributive programs which “tax us to help them,” and so on.

The backlash against liberalism has been nurtured by an extensive offensive paid for by very wealthy extreme conservatives working through their family foundations like the Olin and Smith Richardson Foundations which created and fund

right wing think tanks. I will only say a few words about one of these, the American Enterprise Institute and the role of one of its funders. The American Enterprise Institute with corporate funding from among others Philip Morris and ExxonMobil does research and advocacy favoring less regulation of American business. AEI funder John Merrill Olin has been a major supporter of the law and economics program at the University of Chicago through his family foundation. The important legal theorist (rejected in a bitter Congressional debate for a seat on the Supreme Court) Robert Bork holds the Olin Chair of Legal Studies at the AEI. Irving Kristol, a godfather of neoconservatism, became an Olin Fellow there as well. AEI's fund raising committee includes the heads or former heads of Citicorp, Chase Manhattan Bank, General Motors and General Electric, who understand that the neoconservative ideas which come out of this and the other corporate funded think tanks will shape the public policies important to them.

The AEI brokered the creation of the Project for the New American Century (to which it rents office space), the leading voice for regime change through war in Iraq. William Kristol who is editor of the influential Weekly Standard, bankrolled by Rupert Murdoch, is chair of the Project for the New American Century and a tireless advocate of American empire based on unquestioned U.S. military pre-eminence and America's accepting its unique responsibilities to preserve and extend an international order "friendly to our security, our prosperity, and our principles." Key participants in the Project (before they reached their current positions of power within the Bush Administration) are Dick Cheney, Donald Rumsfeld, Paul Wolfowitz (Rumsfeld's Deputy Assistant Secretary of Defense), John Bolton (currently Undersecretary for Arms Control and International Security), Elliot Abrams (director for Near East, Southwest Asian and North African Affairs), and Lewis Libby (currently Chief of Staff to the vice president). Only days after September 11<sup>th</sup> 2001 the Project released a letter arguing that "even if evidence does not link Iraq directly to the attack, any strategy aiming at eradication of terrorism and its sponsors must include a determined effort to remove Saddam Hussein from power in Iraq."

It is no doubt the case that the bulk of Bush advisers including Cheney and Rumsfeld are not neoconservatives (nor for that matter is Bush). Rather they are assertive nationalists who place their faith not in diplomacy or treaties but power and "resolve." (Daalder and Lindsay, 2003). There was however a marriage of convenience with the neoconservatives on the direction and operation of foreign policy as these dominant advisers went wholeheartedly for the neocons regime change vision and accepted their optimism as to the ease of transition after military victory. Vice President Cheney and the Administration's neocons made the case that

inextricably linked Saddam Hussein and 9/11 in the minds of most Americans, a connection forged to justify the invasion of Iraq. The particular crusading spirit with which George W. Bush embarked on the Iraqi adventure has much to do with two constituencies important to his administration – the fundamentalist religious right and the petro-military interests. The Bush policies which can be seen as the spreading of neoliberalism by other means take the direction they do in part because of the beliefs and interest of these elements of his support coalition.

### **God's Purposes and Oil-Military Contractor Interests Hand**

The Pew Trust's Religion Program finds 85 percent of Americans interviewed declaring religion to be either "very" or "fairly" important in their lives and nearly 60 percent claiming to attend religious services at least once or twice a month and about the same proportion we are told in another poll believe that the Biblical story of the world being created in six days is literally true. Within a diverse religious scene evangelical Christians are thirty percent of Americans. They generally agree on the absolute authority and literal truth of the Bible. These are Mr. Bush's core constituency. Polls taken before the election showing over three quarters of them intending to vote to re-elect the president. Indeed, the best predictor of whether a white voter supports the president is not income but how often he or she goes to church.

Bush himself was "born again" and has a deep belief in the importance of doing Christ's work in the great battle of good against evil. Fundamentalist Christians have become dominant among Republican leaders in Congress. Various premillennialists and pretribulationists who worship the warrior Jesus and tie his second coming to the Jews returning to Jerusalem have been very influential in U.S. foreign policies which contribute substantially to the anger directed at the United States and support of bin Ladenism. It is possible for those with little or no access to these communities of faith to underestimate the power of the image of the warrior Jesus depicted most graphically in the books of Tim LeHaye and Jerry B. Jenkins, apocalyptic novels based on LeHaye's interpretation of Biblical prophecies of the second coming of Christ, a Jesus who appears from the clouds on a white horse eviscerating the flesh of millions of unbelievers merely by speaking. This series has sold over 60 million copies and is part of a large literature that connects easily with the long standing tradition of America as the world's last, best hope for freedom and a religious faith which sees America's enemies as irredeemably evil. For them 9/11 was a Godsend (pardon the usage). Terrorists become a replacement for the Evil Empire as a fount of concentrated evil and in the minds of believers disarm the

criticism that the United States is acting imperialistically since it was attacked by the evil ones and the response of a righteous America is to do God's work.

### **Oil – Connecting the Dots**

There are a number of stories to tell about the influence of the energy industry on U.S. foreign policy and of course obvious connections between the Bush Administration whose leading figures come from a background in the business. But oil has been at the center of U.S. Middle Eastern policy for a long time. At the structural level the United States, with five percent of the world's population consuming 25 percent of the oil being pumped today, means that any U.S. president would be involved in efforts to control as much of global reserves as possible. So although there does not in fact seem to be close ties between Bush and the oil supermajors, U.S. anxiety over developments in Saudi Arabia and instability in Venezuela among other concerns "have given impetus to desire to dismantle the nationalized Iraqi oil industry and to privatize it" (Petroleum Intelligence Weekly, 2003). Important to thinking about the willingness to invade a sovereign country to take control of its resource wealth is the deeper effect of a Texas-oil background and world view. As described by Micklethwait and Wooldridge (2004:31) "Most of the Texan ruling class had the mentality of plantation owners: resources, including oil, were there to be extracted, immigrant labor was there to be used, power was there to be maintained, money was nothing to be ashamed of and liberalism was to be crushed."

For nations such as Russia and France whose access to Iraqi oil before the American war with Saddam Hussein, and perhaps as well for the British who had lost control of Iraqi oil they had held under a puppet regime, what was widely seen in the business as the oil grab by Washington was not only, and perhaps not primarily, a war on terrorism or for spreading democracy. US and UK companies had held three-quarters of Iraq's oil production until the 1972 nationalization of the Iraq Petroleum Company. Zarubezhneft had a concession potentially worth \$90 billion to develop the bin Umar oilfield. Saddam's foreign contracts, which excluded Anglo-American participation, could have reached over a trillion dollars, according to the International Energy Agency's World Energy Outlook 2001. Lukoil, Russia's largest oil company had signed a \$20 billion contract in 1997 to drill the West Qurna oilfield. France's TotalFinaElf had been struggling with the American giants in the Middle East for some time and the loss of investments in Iraq was also a serious blow. American occupation of Iraq at this level is an oil grab of immense proportion. What was favored in Iraq from the beginning of planning for the U.S. invasion was not strictly

speaking a neoliberal regime but rather preferential access. In the case of extractive resources free competition of buyer-investors would lead to enrichment of locals who can play bidders against each other. While neoliberal rhetoric is about establishing freer markets and greater choice, money is made by establishing market power and privileged position.

That Saddam preferred payment in euros and not dollars was another important matter. Hundreds of billions in petrodollars had since the 1970s been sent to the unregulated offshore branches of American banks, above all to Citibank, the U.S. well connected financial giant and had been a major profit center for U.S.-based international financiers just as purchases of American weapons systems had been a major source of income to the American military contractors and the construction contracts tied to the industry an important source of income to companies such as Halliburton. Cynical observers consider this a conspiracy, others a coincidence, and still others the normal working of American political capitalism. Freeing Iraq, and taking control of that country with the world's second largest oil reserves was a matter of good business. As one State Department official quipped in explaining why Bush went to war, "If the Gulf produced Kumquats, would we be doing this? I have my doubts." (Judis, 2003:12) While the neocons appeared to some interested only in democratizing countries believed to threaten Israel, the Administration's larger regime vision extended to the "arc of instability" identified as the home of rogue states, bad guys and evil doers said to run from the Andean region of South America through North Africa, across the Middle East to Indonesia, as some observers have pointed out pretty much covers the world's key oil resources.

Just behind the oil industry at the heart of the economic coalition supporting current policy are the military contractors who promise a new generation of weapons. These involve the crony connections between retired generals selling to their former subordinates who can look forward to a similar second career. The privatization of war materials and provisioning has become a particularly crucial realm in which neoliberalism is advancing rapidly in the United States. If current policies continue military costs will stay high, crowding out expenditures for social needs at home and instead of considerations of development aid and debt cancellation there will be more focus on militarization of societies around the world. The strategy of empire is increasing a policing presence everywhere. Such a prospect is alarming to many including a number of Republicans who have long been critical of the Bush dynasty's family corruption and its economics of privilege, as well as its pandering to the religious right and now George W. Bush's budgetary irresponsibility, deceit and mismanagement of the war, and suppression of civil liberties. Many conservatives

(along with others) opposed his Big Brother-Big Government Administration.

### **Conservative Critique of the Neocons**

Historically conservatives have been more cautious about getting into expensive and open ended foreign involvements. Mr. Bush's father's national security adviser Brent Scowcroft wrote an op ed in 2002 in the Wall Street Journal during the debate over whether or not the U.S. should invade Iraq and argued it should not. While this raised a number of eyebrows and was found to be disloyal to the president, Scowcroft was expressing a mainstream conservative view. He readily acknowledged that Saddam Husein was a very bad man and an enemy of the United States, but attacking Iraq would create, he thought, "an explosion of rage against us" and would likely require "a large-scale, long-term military occupation." When the administration of George W. Bush declined to even estimate the cost of the war and the rebuilding while continuing to demand new tax cuts and to increase its chances of re-election favored expensive domestic programs such as expanding drug coverage to seniors, it was also going against conservative values of fiscal prudence and limited government.

If we go back to the canonical conservative text, Russell Kirk's 1953 *The Conservative Mind*, there is a central stress on limited government and unlimited markets and an ordered liberty which rejects the notion that government should be the primary solver of economic and social problems, that government had to be rolled back. This was the essence of the announced goals of the Reagan Revolution which Bush the Younger sees as his model. Yet, say the conservatives, he has expanded government and gotten Washington involved in imposing the political regime of its choice on Iraqis in a misguided experiment in social engineering. Ruling the world is not a conservative position as William Ruger (2001) writes in *Reason Magazine*. "It is a policy that will threaten rather than preserve many of America's traditional values, such as individual liberty, small government and anti-militarism.... [W]ar and preparing for war are the soils that nurture the growth of state power, burdensome taxation, conscription, and militarism. If American conservatism should stand for anything," he declared, "it should be the goal of limited government. Yet the primacist policies offered here guarantee the opposite: a leviathan."

As the United States prepared for the formal turnover of authority in Iraq to a US-friendly interim Iraqi government Henry Hyde, one of the more conservative of traditional senior Republicans and chair of the House International Relations committee, has said "It would be foolish, not to say ruinously arrogant, to believe that

we can determine the future of Iraq.” Pat Roberts, the Kansas Republican chair of the Senate Intelligence Committee, also criticized “growing U.S. messianic instincts,” and “a sort of global social engineering where the United States feels it is both entitled and obligated to promote democracy, by force if necessary.” Christopher Preble, director of foreign policy studies at the libertarian Cato Institute suggests that empire “is problematic because it threatens our liberty and economic security at home, and it is counterproductive abroad.” To such conservatives the question arose: “Is George W. Bush a conservative?” By conventional reckoning their answer seemed to be “No, he is not.” As Iraq continued to deteriorate the breadth of conservative displeasure grew (Hendrikson, 2004).

### **The Impact of Business**

Many who believe neoliberal policies should produce freer, more efficient markets are among those critical of the manner in which the Bush Administration delivered favors in exchange for emolument not so different from the *baksheesh* condemned when demanded of foreign corporations by rent seeking Third World rulers. Most striking perhaps are Mr. Cheney’s energy plan largely the work of his energy industry task force and the more recent pharmaceutical industry-sponsored prescription drug benefits in Medicare. Micklethwait and Wooldridge (2004:142) observe that Bush’s enthusiasm has generally been “not only for business, but big business, rather than for the free market. His own career was a textbook example of Texas crony capitalism.” The Southern takeover of the Republican Party brought a Texas congressional leadership featuring a belligerent “take-no-prisoners style of politics under House Speaker Tom Delay, known as “the Hammer,” whose now decade old K Street Project has extorted corporate funds and insisted lobbyists hire only Republicans.

While today’s Republicans have been extremely successful in welding lobbyists to their party, and corporations continue to compete for government largesse, Bush foreign policy increasingly worries many corporate leaders. The mainstream business community generally supports what has long been the bipartisan U.S. foreign policy. It would be surprising if this were not the case. What is today called neoliberalism has always been central to its vision of how the world should be organized. But the economics of free trade and the open door to U.S.-based investors and financiers so that they can sell and do business everywhere without statist restriction has always required a capacity to enforce the rules and to guarantee the order and stability within which transnational capital can thrive. The connection between foreign markets and American prosperity was well and consistently

understood by this country's leaders from its earliest days. What William Appleman Williams called Open Door Imperialism rationalized by what he termed the Imperialism of Idealism has long been central to American foreign policy and seen as matters of economic necessity and ideological cover. The expectation, certainly since the end of World War II, from Truman through the first President Bush and Bill Clinton, very much includes the expectation that the American military would enforce the rules when and where needed. Seemingly major differences between the Clinton Administration approach and Bush II foreign policies "amount to little more than quibbles over operational details" (Bacevich, 2002:33). within a common understanding. The argument for continuity on essentials is I think strong. While there are those who see Bush II policies as a rogue departure only possible because of 9/11, we have the counter argument articulated by James Mann (2004:30) among others that during the thirty-five years from 1968 through 2003 the Vulcans, the group advising George W. Bush, "reflected the moods and beliefs of America as a whole." While too strong as a blanket statement, an assertive nationalism and the election of right wing political figures favoring a strong military posture has been the trend in much of the country. Americans however turn against imperial adventurism when it proves costly in American lives and treasure.

Opposition to Bush foreign policy comes from those who, while they may acknowledge that its intentions are good (spreading order and the American way around the world), believe the Bush White House has in reality created disorder and insecurity. They fear imperial overreach and the destruction of the very freedoms such foreign conquest is alleged to be protecting. On a more mundane everyday business world level, companies report their customers and foreign contract technical employees are having an increasingly difficult time due to time consuming security checks and often being denied entry. A large number of student visas are also delayed or turned down. The damage to the American economy is considerable. A coalition of 25 organizations representing 95 percent of the American research community say urgent reform is required if the country is to remain the favored destination of the world's brightest students and researchers (Grimes and Alden, 2004:1). Since two-thirds of foreign students earning Ph.D.s in science and engineering remain in the United States, economic growth and long term competitiveness will suffer as a result. Corporate America puts the price tag at over \$30 billion in lost revenues over the first two years of such security restrictions, according to a survey by eight major business organizations including the Aerospace Industries Association (Alden, 2004:1). Perhaps most damaging in this area of costs to the corporate sector is that the consequences of Bush policies are making the world less safe for the free marketplace. Control Risks, a UK-based security consultancy's RiskMap 2004,



describes US foreign policy as “the most important single factor driving the development of global risk.” It reports that many in the private sector “believe that US unilateralism is creating a security paradox: by using US power unilaterally and aggressively in pursuit of global stability, the Bush administration is in fact creating precisely the opposite effect.” Finally in terms of globalization and the pursuit of neoliberalism in trade, investment and finance Shivan Subramaniam, chair and chief executive of FM Global, an insurance firm says, “Corporations are operating in a turbulent world where businesses are seeking growth through globalisation, outsourcing, consolidation, just-in-time delivery and cross-border supply, further increasing their exposure to risk.” (Fidler and Huband, 2004:11) Jeff Garten (2003:30), dean of the Yale School of Management, warns that the danger of a slowdown in globalization and rising anti-Americanism will fuel each other impacting on the bottom line of U.S. corporations. He points out that thirty percent of the profits earned by the companies comprising the Standard & Poor’s 500 stock index come from earnings outside the U.S.

Where the end of the Cold War desecuritized the international political economy and allowed issues of global free trade and investment to become more central, the war on terrorism has crowded out neoliberal economic regime development and put military initiatives back at the center of international relations, undermining and reversing the openness associated with market-driven globalization (and the politics of social justice which arose in response to growing inequality). The single minded militarism had no place for a host of other pressing issues. Along such lines traditional realist Fareed Zakaria (2004:41) offers critique of how the Bush agenda since 9/11 is undermining globalization’s progress: “You see, a funny thing has happened around the world over the past two years. While the war on terrorism has dominated headlines, the great engine of globalization has kept moving, rewarding some, punishing others, but always keeping up the pressure by increasing human contact, communications and competition, For almost every country today, its primary struggle centers on globalization issues – growth, poverty eradication, disease prevention, education, urbanization, the preservation of identity. On all these, America is now largely silent.” While Zakaria, and indeed this author, prefer greater attention to such issues, it is important to remember what things were like before Iraq. U.S. leadership under Bill Clinton was dominated by a neoliberal agenda favoring transnationals and international financiers often against the interests of the poor of the Global South (Tabb, 2001, 2002).

The narrowness of the Bush approach and its substituting of U.S. dominance in place of traditional American “leadership” (Brzezinski, 2004) tends to obscure

important developments evident well before September 11<sup>th</sup>. There was the emergence of the new humanitarianism with its goals of social transformation and regime change in the economically less developed countries. While any consideration of the politics of human rights and democratization would expand our topic far too much, it is not unreasonable to think of the Bush agenda for the Greater Middle East as a particular version and usage of already established humanitarian conditionality, aid politicization, and the melding of developmentalism and security concerns. The expansion of peace keeping and the general confusion around respect for sovereignty in the context of denial of basic human rights and democracy offer a confusing background for thinking about post-U.S. invasion of Iraq development and intervention politics.

In a longer perspective we may see a continuity of policy, even if sharp disagreement as to basic tactics on how to respond to a loss of control over parts of the global south as they are transformed in unexpected ways by globalization. Across the so-called developing world and transitional economies rather than emulating neoliberalism's support for deregulation and free market economics, a parallel economy has evolved based on forms of protectionism which are integral to global networks. Such forms of political economy can be seen not as residual or temporary departures from a general trend to neoliberal regimes of openness but rather a competitor regime which has been quite successful in creating alternative local and transborder flows. Rather than a temporary aberration of formerly accepted and enforced social regulation, such developments may signal a very different sort of regime change (Duffield, 2001).

## **Conclusion**

We conclude by returning to the question raised at the start of the paper: Can the Bush Doctrine be considered an extension of the neoliberal project, geared to achieving its goals by other means, or is it counterproductive to neoliberalism? We argue that it in all likelihood represents a setback for the type of globalization envisioned by most neoliberals. This judgment it must be emphasized is based on the realities of the way the regime change process has gone and the fallout in the region and the world at large of the way the war on terror has reversed the openness and free flow of goods, people and investments which Clinton era multilateral foreign policy had achieved. Making markets work as neoliberalism seeks to do requires a far more nuanced approach and as Mr. Bush has famously said, "I don't do nuance." It is the narrowness, overweening ambition and incompetence of the Bush Administration that has been its undoing. It is not its commitment to American power and imperial

ambitions.

But it is not that the Bush Mid East policies depart from the imperative to gain maximum leverage over the resources of the region, only that they are not working. It is not regime change per se that is the issue. Western powers in the past have changed local rulers in this part of the world (as well as elsewhere) as convenient. According to the Defense Department's annual "Base Structure Report" for fiscal 2003 the Pentagon has 702 overseas bases in 130 countries. Intervention is a constant, Active and forceful regime change always an option. The question of what is secured by such massive presence is an open debate that need not be rehearsed here except to say that the intra-elite discussion of foreign policy is always within givens as to U.S. interests. Polite academics have too rarely examined the givens of empire. Today they are prompted to do so by policy actors and advocates of an openly liberal imperialism and by neoconservative empire builders.

At about the same time the CIA was overthrowing the democratically elected government of Prime Minister Mossadeq in Iran for interfering with Anglo-American oil interests, it was also deposing the democratic Arbenz government of Guatemala, and for the same reason. Each had tried to retake control of the resource wealth of their country. In each of these cases and many others which could easily be cited the goals of what we now call neoliberal economic policy were pursued by military means. Force and the threat of U.S. intervention are hardly aberrations. U.S. ambitions to gain a larger share of the resources found in less powerful countries is longstanding. That millions have died in Cambodia, Angola and Nicaragua due to sponsored civil wars, American state terrorism, deadly sanctions, blockades and coups is widely understood. The questions to elites are only and always whether the price is acceptable. Bush's words as he enunciates the goals of U.S. foreign policy could come as comfortably from the mouths of Woodrow Wilson, Franklin Roosevelt or John Kennedy (Dueck, 2003-04). American policy makers disagree over how best to achieve these liberal and neoliberal goals overseas but agree on the broad principles and interests at stake.

The contemporary international economic architecture ensures that the normal workings of world market forces (AKA globalisation) yield disproportionate benefits to Americans conferring autonomy on U.S. policy makers while curbing the autonomy of others. As has been argued there are a number of states which for different reasons cannot be induced or coerced to submit to such regime rules and require other tactics. What the cost/benefit calculation is in each case is a matter of debate and it is here that the neoconservatives and those in the Bush Administration

who accept their evaluation have proven to be both in a minority of the foreign policy establishment and wrong as a matter of unfolding experience.

Many believe this marks the end of the neoconservative ambitious foreign policy. However Max Boot (2004:15) argues, with some reason I think, that the United States cannot (or in my telling will not) “shrug off the burdens of global leadership.” He urges America to exercise power more in the mode of Lord Cromer’s indirect rule of Egypt than Curzon’s haughty command over India, the Bremer model. Ironically perhaps such a smarter imperialism is much more likely from Mr. Kerry. Kerry’s foreign policy speeches and the message of those experts he has surrounded himself with reveal an imperial ambition which while multilateralist in legitimizing intent is quite ambitious. Neoliberalism will continue to be pursued by U.S. policy makers at home and abroad, but the muscular adventurism of the Bush neoconservatives having been discredited by events will likely be replaced by greater caution as was the case after Vietnam. Desire for multilateral cover will again lead to greater commitment to global state governance regime building. Whether shows of military power can ensure an orderly world system in the face of transformations unleashed by globalization’s creation of transnational webs of alternative sources of power, wealth appropriation, and social fragmentation is a critical issue. What alternatives global civil society can promote is another important question for the future of the world system in the 21<sup>st</sup> century.

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