

Will nation-states be privatized next?

by Cynthia Rush

“Jeremy Bentham? Oh, he’s a great man in many respects. His only problem was that he had too much confidence in the corrective action of the government. But on the other hand, he was a great thinker of his time.” So said Gary Becker, the 1992 Nobel Prize winner in Economics, to *EIR* correspondent Gerardo Terán during a Sept. 25 press conference in Buenos Aires.

Becker, a leader of the Mont Pelerin Society, founded in 1947 by Austrian fascist Friedrich von Hayek, visited Argentina to promote the privatization of that country’s social security system, and to demand the total deregulation of the economy. That means elimination of all labor benefits, health insurance, and minimum wage and job security—what the International Monetary Fund and World Bank call “labor flexibility.” At a time of intense political conflict in Argentina over these policies, Becker brazenly asserted that if there were recession in the country, it is the result of “labor restrictions,” and not the IMF-dictated free-market economic policies applied by the Menem government.

Is Becker’s praise of Bentham just another economic theory among many? No. As the world monetary system disintegrates, the international financial oligarchy is fighting for the survival of its model of usury and hedonism, which Bentham epitomizes. Founder of Britain’s foreign intelligence service, Bentham was a 19th-century leader of the Venice-spawned radical-empiricist faction which sought, and still seeks today, the overthrow of Christianity and the allied institutions of the sovereign nation-state.

Bentham’s “hedonistic calculus,” the theory that all ideas, human behavior, and social relations can be reduced to expressions of linear-algebraic functions of “pleasure and pain,” is at the very heart of Becker’s and the Mont Pelerin Society’s proposals. Morality, human creativity, reason—none of these enters into the equation, because in Bentham’s and Becker’s view, man is a beast guided only by his degraded instincts. Bentham’s tracts *In Defense of Usury* and *In Defense of Pederasty*, and Becker’s support for drug legalization, define this faction’s philosophical outlook.

More intense looting

The problem the Benthamites face now, is that their model requires levels of looting of physical and human resources unobtainable in the framework of sovereign, albeit weakened,

and even fragile, nation-states. The IMF’s Ibero-America-wide campaign for “labor flexibility,” intended to squeeze out some marginal savings by eliminating whatever social benefits the continent’s workers still enjoy, reflects their desperation.

Even the mechanisms of usury associated with the Chilean “economic miracle,” which the Mont Pelerin Society has promoted for years, are considered inadequate. The Chilean government economists who imposed these theories after 1976, many of whom studied at the University of Chicago under Becker, dismantled industry, privatized every national asset they could, and eliminated social legislation which, as in most Ibero-American nations, was historically based on the social doctrine of the Catholic Church—the concept of man created in the image of God.

Arnold Harberger, the godfather of the University of Chicago “Chile Project,” who trained hundreds of Ibero-American students in von Hayek’s fascist theories, always boasted that he had “de-Latin Americanized” his students; that is, stripped them of any commitment to national identity or sovereignty, lest they show any squeamishness about tearing apart their national economies on behalf of foreign speculative interests.

What the Mont Pelerinites most love about Chile’s “miracle,” and what they advocate internationally (including in the United States), is its 1981 privatization of the national pension system and the creation of what is today a \$25 billion slush fund used to speculate on the international markets or prop up whatever sector of the domestic economy requires it. This speculative mechanism is the centerpiece of the Chilean model. As *EIR* has demonstrated, since 1973, the only thing the model has been good for otherwise, is paying foreign debt, while reducing most categories of the physical economy in per-capita and per-household terms. In this so-called Ibero-American “Tiger” economy, manufacturing workers are paid \$1.62 an hour, compared to the \$2.35 their Mexican counterparts receive in that country’s devastated economy.

For the British radical empiricism which Becker and Bentham represent, the only logical next step is to smash the nation-state and grant full economic control to those private oligarchical interests which have already wrought international financial disaster. Robert Whelan, an executive at the Mont Pelerin Society’s Institute of Economic Affairs in Britain, said it explicitly in a recent issue of the group’s *Economic Affairs* journal. Impoverished African nations, he argued, should be *privatized outright*, sold to multinational corporations, and managed the way the British Empire’s merchant firms, such as the East India Company, directed imperial policy in the 18th and 19th centuries. Whelan failed to mention that the East India Company had a virtual monopoly in the Chinese opium trade, and that *The Wealth of Nations*, written by its paid agent Adam Smith, outlined British policy for maintaining colonies as backward raw material producers, while expanding the opium trade.