

Neo-liberalism kills: the legacy of Thatcherism

by Lothar Komp and Susan Welsh

The leading industrialized economies in the world are all being hit by a lethal virus, a disease which is destroying the very foundations of national economies, from physical infrastructure and education, to science and production. The symptoms of the virus are comparable to some of the apocalyptic scenarios wrongly associated with the so-called millennium bug.

The name of the killer disease is neo-liberalism. Now, in the United States, popular parlance has it that a “liberal” is someone, in the Democratic tradition of Franklin D. Roosevelt, who believes that the state has a responsibility to provide a social safety net for its most vulnerable members—as opposed to a “conservative,” who wants to get rid of “big government.” But “neo-liberalism,” as the term is used in Europe and elsewhere, is certainly not new, nor does it correspond in any way to the policies of FDR. It is the *British* liberalism of Adam Smith, the 18th-century economist whose “free-trade” doctrine was intended to further the not-at-all-free trade of the British Empire, and his employers at the British East India Company. This was, and is, in direct opposition to the *American System of Political Economy*—the economics of Alexander Hamilton, Henry Carey, and the German-American economist Friedrich List, according to which the role and purpose of government is, as the U.S. Constitution stipulates in its Preamble, to foster the General Welfare of the nation and its citizenry. Sovereign nations, while protecting their own industry and agriculture, then form alliances of common purpose with other nation-states, for the benefit of all mankind—just the vision that Roosevelt had for the post-World War II period, in opposition to the colonialism of Britain’s Sir Winston Churchill.

During recent decades, neo-liberalism has been associated especially with the policies of former British Prime Minister Margaret Thatcher. But not only she: The deregulation of the banking system and of the trucking and airlines industries in the United States began during the Democratic administration of Jimmy Carter, and continued apace during succeeding Republican administrations. Although there has

been opposition to neo-liberalist budget-slashing from some quarters of the Democratic Party—particularly minority

constituencies and labor, and led by the forces rallied around Lyndon H. LaRouche, Jr.—the fact is that neo-liberalism is now the predominant policy of both “liberals” and “conservatives” in the United States. In England, the neo-liberalism of Thatcher and her immediate successor, John Major, emerged with redoubled enthusiasm in Tony Blair’s Labour administration, with a new name: “the Third Way.” The policy is the same. In Germany, the neo-liberal policies of the Christian Democratic Helmut Kohl government were continued, with even more viciousness, by the “red-green” coalition government of Social Democrat Chancellor Gerhard Schröder. This has accounted for growing voter disgust, and Schröder’s Social Democrats are being trounced at the polls in one local election after another. It is widely doubted whether his government will make it into the new millennium.

Feature

The toll of death and damage

Here, we briefly review some of the recent devastating effects of neo-liberalism.

First, as we reported in *EIR* on Oct. 22 (“Blair’s ‘Third Way’ Crashes, as Reality Strikes”), the rail disaster at Paddington Station near London on Oct. 5, and the crash of the



The virus of neo-liberalism is leaving death and destruction in its wake. Those responsible for spreading it include (clockwise from top left): Britain's "Iron Lady" Margaret Thatcher, Tony Blair, and Germany's Gerhard Schröder.

German ICE high-speed train in June 1998, killed more than 100 people.

Further, America's space industry is suffering from an unprecedented series of satellite-launch failures since 1998, not limited to a specific rocket system, but affecting the entire U.S. launch capacity, including the Titan-4, Delta-3, and Athena rockets. Even in cases of successful launches, satellites often show unexpected behavior: The Mars Climate Orbiter crashed to the surface of Mars; NASA's infrared telescope, WIRE, lost its cooling gas, setting it into wild rotation; and the German AbriXas satellite was lost in orbit after its power supply collapsed. Failures of space missions can never be ruled out, but the present rate of disasters is clearly out of proportion to what might be anticipated.

At the same time, the very symbols of sound manufacturing, the large German automobile producers, with their close ties to thousands of high-tech suppliers and machine-tool companies, are presenting one new car model after the other with serious technical defects: first the Mercedes A-Class, then its Smart car, and now the Audi TT sports car, which has turned out to be aerodynamically unstable at high speeds. Only a few years ago, such results would have been unthinkable.

As part of the orgy of physical infrastructure privatizations, from transport systems to water and energy supplies, safety regulations are either being withdrawn or ignored by

the race of cost-cutting programs to increase "competitiveness." Cuts in public infrastructure investments and cuts in public expenditures into health, education, and science, as mandated by neo-liberal apologists, are further increasing the damage.

In the field of research and development, a technically competent workforce in Germany, the United States, and other industrialized countries is being replaced by managers of digital information, who, instead of testing out the new products in real universe trials, are handing the R&D and testing process over to low-budget, "virtual reality" personnel. Human cognition, the ultimate source of profit in any successful economy, is thereby being eliminated for cost reasons. Anomalies in physical experiments, which contradict the existing frame of accepted knowledge and are the starting point for any scientific and technological revolution, will no longer be tolerated—in fact, they will not even occur, when no physical tests are actually carried out.

After many national economies in the Third World and in eastern Europe have been ravaged by economic shock therapy policies and deregulated financial markets, the pandemic of neo-liberalism, if not radically reversed, now threatens the entire industrialized world. The articles that follow, document some specific cases in Europe, the United States, and Japan. With this report, *EIR* initiates an ongoing series of exposés of this issue.