The Collapse of Democratic Values:
Betraying Civil Society

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From time to time TJSGA will issue essays on topics relevant to The Living Wages North and South Initiative (TLWNSI). This paper is the seventh in the series "The Neo-Capitalist Assault" –a collection in development about Neoliberalism.

The essay explains that the centres of economic power have corrupted the democratic institutions of nations everywhere and, as a consequence, governments have abandoned their main responsibility to procure the welfare of all ranks of society, and they are now effectively working to procure the welfare of their very private interests and of the owners of capital. This essay opens by arguing that the Welfare State was the first to be assailed by the new emerging monetarist paradigm because it is in direct conflict with the supply-side economics of Neoliberalism where supply generates its own demand.

Summary

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The collapse of the Welfare State was supposed to be a result of the recession of the capitalist world in both the core and the periphery. The leaders of the U.S. and Great Britain, Reagan and Thatcher, imposed the so-called Reaganomics and Thatcherism and began to restructure the economy to suit the needs of their multinationals. Many of these were struggling with stagnation, in part due to the world's recession, but primarily due to their lack of competitiveness against the Japanese companies. As part of these changes, the Welfare State was one of the first government areas to be assailed by the new emerging Monetarist Paradigm. This was because the Welfare State was seen as an inherent part of the Keynesian Paradigm to maintain a well-balanced economy from the demand side. For the Monetarism that Reagan and Thatcher staunchly supported, supply- side economics was the only right way to manage the economy. It was argued that this was because the key elements of production are found on the side of supply and not on the side of demand. As economist Rene Villarreal asserts, the Monetarist Paradigm of Neoliberalism revived the old law that "supply creates its own demand" of Jean Baptiste Say as an argument to discredit the demand-side economic paradigm of Keynes. This was done in order to justify a return to classical economics as applied before the Great Depression to the benefit of the industrialists. In a lucid study of Monetarism, Villarreal explains that the monetarist view argues that there cannot be demand for something unknown. Supply, instead, through the offering of new products to the market, is the only element that can create a demand. In contrast, if the economy is managed from the demand side, inflation, low productivity and recession can only result.[1]

The End of the Welfare State and Social Development

With this evidently one-sided argument, the attack on government and the Welfare State was launched both in the U.S and Britain. The key monetarist message is that the less government intervention, the better for the economy. It argues that government intervention cannot possibly support the expansion of the economy, for it is impossible to predict how that will translate into actual demand. On the other hand, Monetarism assumes that any additional funds available on the side of supply will surely translate into productive investment.

Monetarism concentrates its attack on government as an agent of economic regulation in three main arguments: taxation, public spending and business regulations. It argues that taxation only demoralizes capital and labour and foments idleness and procrastination. In contrast, if taxes are substantially cut, especially among those in the upper income brackets, productive investment and consumer spending will surely grow, thus expanding the economy. Monetarists claim that all programs aimed at promoting equality and diminishing poverty hurt production, which is the only true generator of demand.[2] Relative to government spending, Monetarism argues that most of it is terribly unproductive and excessive and suggests that the government should stop spending and wasting the taxpayers money [except of course in the case of military spending, which is terribly important to increase, even at the cost of generating big public deficits]. As to its argument against government regulations, especially those aimed at protecting the environment, health insurance and social security, Monetarism considers them as an obstacle to productivity [profitability] and demands deregulation of everything in the way of generating good returns on investment. In short, Neoliberal Monetarism depicts government as the Leviathan State, the evil monster.[3] With these arguments, Reagan and, even more so, Thatcher, began to drastically cut public spending and to reinvigorate the business community and the upper segments of society with cash while cutting social programs. To be sure, some of the arguments were justified in order to eliminate resilient weaknesses that were present at the time in the economy, such as the public deficit. However, it was also immediately evident that there was no consistency in some of these arguments. For to reduce the Welfare State by cutting social programs to diminish the deficit, while at the same time increasing the defence budget, only increased the deficit even further. Against this, Reaganomics argued that cutting taxes would provide so much muscle to the economy that the tax base would actually expand and provide enough to offset the deficit [a result of the influence of conservative U.S. economist Arthur Laffer]. This was obviously a theory, but the arrogance of its pundits made it a sure fact. For the Monetarists, demand-side economics was an erratic approach but supply-side strategies were a sure thing to happen. What actually occurred was that, with the increase in defence spending, the deficit did continue to grow even faster. In 1981, the U.S. Congress approved to drastically cut non-defence spending, by cutting social programs, to reduce personal income taxes and to speed up business depreciation. The result was that, although this scheme did reduce the inflationary rate to an average of 3.5 percent during Reagan's tenure, massive budget deficits doubled in size the national debt between 1981 and 1986, whilst the Welfare State began to be systematically weakened. This prolonged the recessionary state that developed in the previous decade.

Bastard Monetarism

For this lack of consistency, Villarreal calls this type of Capitalism “Bastard Monetarism”. He explains that Monetarism is a kind of economic liberalism that has been adulterated, falsified and degenerated from the original one, and it is contradictory for its lack of consistency in its application. To be sure, this is just a scheme to return to the untrammelled Capitalism of monopolies and of free reign for the industrialists at the expense of everybody else. In fact, Villarreal calls the monetarist proposal “*offertism*”, because it bases its approach from the Sayian’s view of supply, and especially because it privileges big business and monopolies before the original classical view [which has never been applied] that thinks of a liberal economy in terms of hundreds of thousands of individual entrepreneurs. In this way, in Monetarism, free markets are not given under an ethos of real competition but under a monopolistic environment. In the new paradigm, perfect competition, the ideal of the Classical System, must not exist because it only generates stagnation.[4] Therefore, the entire economy must be left to the entrepreneurs that take the risks and come up with the products that will be acquired by consumers. In fact, Villarreal explains, in Monetarism consumers respond to the offers of the suppliers. There is no preexistent desire for a product and consumers do not know what they want until they acquire a product at a certain price. Thus, everything must be left to those who supply and generate their own demand. This ethos is no different than the reality that existed from the XIX Century until the Great Depression of the 1930s.

It was, then, under the governments of Reagan and Thatcher, that the two nations whose economic philosophy had prevailed for much of this century, changed the paradigm and moved back to the ethos of savage capitalism that had characterized the earlier times of the Gilded Age and the Industrial Revolution, which had provided overwhelming protection to businesses at the expense of Civil Society. With this move, the leaders of Anglo-Saxon Capitalism abdicated once again from their responsibility, inherent to democracies, to procure the common good of their nations, and set out to impose the necessary conditions for multinational corporations to thrive in the world. In the international political arena the U.S., with an aggressive foreign policy, moved out to recapture the imperial power that had been eroding since the 1970s, with the defeat in Vietnam, and moved to further weaken the already deteriorated grip of the USSR on the Soviet Block. This was certainly good and it accelerated the collapse of Communism. However, Reagan also launched the largest peacetime military build-up in U.S. history. He embarked in a dirty war in Central America, with the blessings of Pope John Paul II, and went behind the law as far as necessary to crush the grassroots movements that the Sandinistas of Nicaragua and the rebels of El Salvador had launched in their struggle to defeat the oligarchies. These oligarchies, who had governed for decades for the exclusive benefit of themselves and of U.S. economic interests, naturally opposed the establishment of democratically-elected socialist governments that aimed at destroying the system of dire exploitation that benefited the local elites. And so, Reagan resorted to a variety of covert operations in order to defeat any meaningful activity that opposed U.S. imperialism around the world and support its oligarchic partners in the periphery.

One of the rusted areas of the empire was the preeminence lost in the world economy. In the early 1980s, the weight of the U.S. economy had gone down to less than 25% from a high of over 50% immediately after the war. Furthermore, the competitiveness of U.S. companies had clearly fallen behind that of Japan and Germany. That was evident by the growing trade deficits that U.S. products, which had enjoyed a vast dominance for most of the post-war, were experiencing. The Japanese, with their so-called Flexible Production System and even the Germans, in their own indigenous ethos, were far ahead in productivity of a system based on the economies-of-scale and the Fordist–Taylorist Method of Production of U.S. firms. Thus, Reagan's Republican Government, rightly so, considered it critical to support its corporations with everything it had. Certainly there was very strong competition, and the U.S. MNCs needed to become competitive. However, the Republican view, in line with its traditional contempt of the social causes, placed the corporation at the centre of the universe. This way, their opinion was that supply will generate its own demand, and thus, in order for demand to materialize, supply must be the most competitive and any hurdles to achieve this goal must be removed, including the obligation to procure the welfare of labour and society at large.

Globalization Begins

With this view, the U.S. government abandoned its first responsibility and betrayed Civil Society. Now the focus of government had completely moved from Civil Society to the corporate world. Throughout the 1980s, the Japanese Flexible System of Production was upheld as the most competitive system. In broad terms, the weakness of the Fordist-Taylorist method is that it needed economies of scale in order to be efficient and it suffered from a complete rigidity for any departure from those conditions. When the flexibility of the Japanese system allowed it to manufacture a variety of products with the same basic tooling to which a set of different dies could rapidly be applied, production made a huge leap forward in efficiency and competitiveness. This required a move from the traditional assembly-line, mass-production concept to a completely new ethos of flexibility. With the advent of information-age technology, marketing and production focused competitiveness in, supposedly, flexible customer orientations to product development rather than on rigid mass-production oriented product options. This meant, in a nutshell, total flexibility. But the concept of flexibility under Neoliberalism entails flexibility not just in production, but in every aspect of the capitalist system; flexibility in production, labour markets, work processes, capital flows, products and patterns of consumption, education, savings and pension funds and identities.[5] Nonetheless, the key factor in production is that large economies-of-scale remain critically important. However, it is no longer mass production of a limited catalogue of products, but, rather, volume through variety. This is especially critical in the case of the U.S., the only national market that had always enjoyed large economies-of-scale due to the sheer size of its domestic market. This means that, if corporations were going to greatly expand the variety and options of their products lines, needing small quantities of each to better capture market share, then they needed to achieve large economies-of-scale by expanding globally. Moreover, the new technologies needed to achieve the flexibility in processes required huge capital investments that must be amortized with even greater economies-of-scale which can only be reached globally.[6]

Indeed, the fierce competition that was developing made imperative the need of corporations to go global. The U.S. auto industry was suffering tremendously by the strong penetration that Japanese cars were making in the U.S. domestic market and in many of its foreign markets. By the 1980s, the Japanese had become the leading producer of motor vehicles in the world, Chrysler had to be bailed-out from bankruptcy by the U.S. Government and, in 1987, American Motors was absorbed by Chrysler. However, in order to go global, corporations needed to secure an environment that would provide complete flexibility for their investments and business plans. That meant that corporations needed freedom to move swiftly to maintain their market position and increase it without many of the previous burdens or responsibilities. Technology plays a very significant part in all of this. With the advent of information-age technologies, the aim was to provide full flexibility in products and services with the utmost efficiency. This included better processes through benchmarking and reengineering, which in turn entailed freedom for downsizing through massive layoffs. Later, with more and more competition and the empowerment of the shareholders, the freedom to execute layoffs became not only the end result of new technologies (or a measure of last resource for survival) to increase efficiencies by reducing costs, but also the freedom to use it as a direct tactic to cut costs to increase the price of the stock at the speed of light.

Greater competition moved companies, in their freedom to go in quest of market share and greater control, to exert their freedom to enter into a wave of mergers and acquisitions (M&A), which started up a new freedom to "oligopolies" industries between a few players, no longer at the national or regional level, but, rather, at the global level. In order to secure the most competitive position, flexibility was needed in every aspect of business. Since economies-of-scale were now achieved only through the sheer size of the global markets, the quest for greater efficiencies required that each site chosen for production could now enjoy full freedom to import components from other sites of operation and export finished products to end-users for final distribution, or other components to other sites, globally. This required that the sites of production and the consumer markets be made flexible to meet the adequacies that competitiveness demanded. For instance, in the U.S. domestic market, Reagan deregulated industry as completely as possible and provided the adequate freedom for savage competition. The airline industry is a very illustrative example. Airlines in the U.S. [and elsewhere] used to enjoy a portion of the market based on domestic routes and traffic and on the international treaties made with the transportation authorities of other countries. With deregulation, since the very early 1980s, the freedom of companies to take whatever they could obviously gave the advantage to the larger airlines. Since then, many airlines have disappeared, some have survived and new ones have sprung-up. Nonetheless, contrary to one of the claims of Neoliberalism, airfares have not really gone down due to greater competition; because the industry has moved into an oligopoly domestically and now is moving rapidly into a global oligopoly that seeks to control the global market through global mergers and acquisitions or alliances, which have barely been controlled by the anti-monopoly agencies of some of the governments involved.

Because democracy in the most developed countries had gained a good degree of maturity, some of the hurdles that corporations sought to remove could not be accomplished in the home countries. In the U.S., environmental responsibility is certainly expected, although industry will always be prone to resort to a lower standard should it manage to escape monitoring. The same was true it was in the case of wages, which had achieved the status of living wages or ethical wages through unionism, as explained in previous essays. However, in less developed countries with weak democracies, most of these hurdles could easily be disregarded; especially wages and environmental requirements that are very low, lax or non-existent. Therefore, as part of the strategy to achieve maximum efficiency globally, the Third World became a key strategic element in the quest for the greatest competitive advantages in terms of costs of production and distribution. Thus, in order to achieve these ends, the governments of these countries needed to be globalised in order to provide the adequacies and freedoms that the new global corporations needed to become competitive. And so, the U.S. went imperialistically about to impose its new ethos of globalization in the world, spearheading the process for the rest of the First World. For after the crises of the 1970s and 1980s, the U.S. had a lot of leverage to move the Third World into a new ethos of global markets and it used it dearly. Indeed, in the 1980s the Reagan Administration moved to prepare both the domestic and international economic environments to meet the needs of the MNCs. These needed the cheapest production costs possible, and since these were not possible to secure domestically, then consumer markets and labour markets in the Third World were pressured to be open and provide total flexibility.

Recanting its Social Responsibility

Expanding into new markets with more consumers provided greater economies-of-scale to the products of the MNCs. If entire regions could be open, a competitive mix between more products and larger market niches could be offered. Notwithstanding these advantages, the opening of the developing economies provided, above all, one major benefit: the opening of their labour markets. This sole factor –cheap labour– was the most critically important to achieve efficiencies. Many of the MNCs already had operations in Third World countries either under a joint venture or as sole proprietors. Albeit these operations were meant to reach the local markets of the host countries or, in some exceptions, supply the markets of neighbouring countries. This was the set-up of the import substitution era. Now MNCs needed some of these host countries to allow production to supply many more markets, globally, in developed and developing countries alike.

Accomplishing the opening was relatively easy. The crises suffered by the Third World, since the late 1970s, due to mismanagement and rampant corruption, provided the leverage to force the opening of the markets. And thus, the Washington Consensus entered into action, through the Bretton Woods Institutions, to condition monetary and development support to structural adjustment schemes that provided the ideal set-up that MNCs required: total flexibility in direct investment, in labour markets in funds transfers and so on. This was the new deal between the U.S. that spearheaded globalization, the other major economies and the host governments of the Third World, with the enthusiasm and support of their industrialists.

Domestically, it meant recanting on its obligation to provide the common good. Because, in addition to all the new freedoms that the MNCs and the upper echelons of society were enjoying fiscally, business could now enjoy the freedom to close a domestic manufacturing operation, all together, because of high costs, and move to a haven where it could realize its goal of maximum competitiveness. Business had no moral quarrel to deal with. To be sure, in the culture of savage Capitalism, laying-off people was nothing personal, it was a pure business necessity. Competition was fierce; thus, it was pure business logic, the logic of a business culture with no morals, only interests. But in the case of government, it was a complete recantation of its social obligation, of its most important duty: to procure the welfare of all ranks of society, in favour of its political interests embedded now in securing the support of the industrialists. The economic support of big business was proving once again, as in the Gilded Age, that the U.S. government had corrupted its democratic principles and was governing for the centres of economic power: the industrialists and stock market investors who owned the MNCs.

The same could be said of the local oligarchies of the developing world, especially of those nations that have now been labelled the emerging markets; namely, the Tigers of Southeast Asia, the larger economies of Iberian America and South Africa. The Iberian American countries are, perhaps, the most illustrative example of the betrayal of their responsibilities in favour of policies that would destroy the livelihood of the great majority of the population, but would allow the local elites to enrich themselves even further and remain in power, by whatever means, with the full support of the U.S. and the rest of the G7 nations. Their previous managerial ineptitude and gross corruption had bankrupted their economies. Now they needed to retrench and recover. To be sure, reorganizing to rebuild their economies and recover the previous standards of living was going to take at least a decade. However, there were two actions to this purpose that could have been followed but were neglected: The first action would have been to seek a strategy that would support new growth while expanding the value of the economy and containing inflation. The other action would be to recover the level of real wages that existed prior to the crisis. The first action could have been done by gradually opening their economies only in sectors where they had achieved international levels of competitiveness, and by allowing MNCs to create new economic sectors that were not existent previously, and where domestic industry was in no position to develop competitive technologies any time soon. This way, competitive domestic industries could have moved to export and to even develop a network of multinational operations and have a real chance to compete against First World MNCs. As to sectors where local companies were inefficient, a deadline to stop protecting domestic companies, by fencing out foreign competition, would give them a real chance to get ready or die.

To perform the second action, the recovery of real wages, the governments' responsibility would have been to ensure that the distribution of this new growth would generate the recovery and even the increase of real wages of workers to a new level. To be sure, the key element in the plan for recovery would have been to protect the real wages of all workers by setting a timetable to recover the previous standards of living. This would have entailed strict control of the companies to make sure that no inflationary pressures would be generated by any attempt to increase their share of the endowments at the expense of labour; and that labour costs would have moved in line with the adjustments in order to achieve a share of income that would have provided a similar share of labour endowments to those existing before the financial collapse. In other words, a committed government would have set as the goal of recovery to eventually bring back, through a timetable, the standards of living to those previously existing. By the same token, in the case of those business sectors that were non existent and, thus, that MNCs would be allowed to enter, a committed government would have conditioned the entry to payment of wages that would have provide a standard of living similar to that before the economic breakdown. However, we should remember that in many nations of the developing world, and in all the nations of Iberian America, the wage structure had remained inherently subject to the tradition of its colonial past. In this structure, wages were set not to benefit labour but to those who belonged to the merchant, mining and agricultural elites who exploited all the resources of the colonial territory for their exclusive enjoyment. In a modern democracy, however, the direct responsibility of government is, once again, to ensure the welfare of society. Thus, if MNCs would come to the periphery to look for cheap labour to do the same job that pays ten times more in the North, the governments have the obligation to negotiate terms-of-trade for their labour that are fair and commensurate with those paid in the centres of power. Of course, this was not even considered.

This situation reinforces one vein of the Dependency Theory that was developed after World War II. This theory considers at its essence that the economic and social structure of colonized nations is distorted by the penetration of capital from the traditional centres of power, a situation that blocks economic development and generates a systematic and extreme impoverishment of the majority of the colonized populations.

Some of the developers of this theory focused too much on the unequal terms-of-trade of the commodities traded by developing countries but others, such as Arghiri Emmanuel, focused on the unequal levels of wages between core and periphery. Emmanuel makes three key arguments that explain why the way in which wages are determined in each country define their prospects for economic development:[7]

- The level of wages in a country determines the price of goods produced in that country and not the other way around.
- Because of historical and social circumstances, wage rates at the centre are much higher than in the periphery, with the difference being generally greater than the difference in labour productivity.
- The equalization of wages globally is unlikely to occur because, while the labour factor is immobile, capital can move to the friendliest labour markets. [Thus, there is a tendency for a greater rate of profit to be obtained at the centre than in the periphery].

The idea of the gradual equalization of wages is adamantly opposed by both the domestic industrialists and by MNCs. Nonetheless, a committed and democratic government would abide by its responsibility to govern for everybody and, thus, make sure that all sectors recover. Unfortunately, reality has shown that such an expectation is unrealistic given the prevailing conditions. For, in order to achieve a living wage, or as Marx called it "an ethical wage", in any given nation, a real and mature democratic environment must be in place. However, because many of the mismanagements that generated the economic imbalances were provoked by political as well as economic corruption of the governments in power (sheer theft), expecting a democratic and ethical approach behaviour, on the path to recovery, sounds too optimistic. The fact is that in most societies of the developing world, there is a cosy relationship between government and business where the concept of conflictive interests is completely put away in the name of their plutocratic virtues. Furthermore, the governments of First World nations and their MNCs also oppose any move to compensate labour even with their previous quality of life, since this goes directly against their global interests to obtain maximum efficiencies through lower costs. As a consequence, since the 1980s the U.S. and its other partners, through the Washington Consensus, pressured governments to dismantle economic barriers, keep labour costs low and reduce social benefits, to depress demand to contain inflation, and eliminate deficits, and let MNCs enter and enjoy the benefits. In return, the governments of the periphery and the local industrialists would enjoy full support to remain in power and would continue to enjoy the benefits of cheap labour costs. If governments wanted financial support to restructure debt and wanted new FDI to generate badly needed jobs to contain social unrest, they needed to abide by their demands. If governments were to oppose, they would not be bailed out; and if they had cheated to be elected, they could be denounced, and pressured to carry out a real democratic electoral process where the odds to win could easily fall on the side of the opposition. In other words, if they didn't abide, they would be kicked out and replaced by a "friendly and obedient partner". Moreover, since many of these governments were elected through a manipulated electoral process or were under the hands of the military, they could not seek support from their civil societies. Even if they had the power to manipulate the media on their behalf to obtain the support of their people to fight the demands of the centres of power, they would have not done it; for it was so much easier to join in the partnership between plutocracies of developed and developing nations. To be sure, many of the governments of the Third World were strictly in the business of staying in power to stay in power and exploit their nations to their own benefit. These governments had completely abandoned their democratic obligation to procure the welfare of their societies or were simply autocratic or military elites. Moreover, no different in essence, the U.S. and British governments and, to a lesser degree, the governments of other centres of power were increasingly working on behalf of their big corporations and decreasingly on behalf of their societies. Therefore, in all of Iberian America and in most nations of South-eastern

Asia, the move towards neoliberal economics and globalization was willingly and effusively embraced by the elites in power. In cases such as in Mexico, where the tradition was a staunch nationalism verging on a diplomacy of open anti-U.S. sentiment, a complete change of position towards full cooperation (for the first time in this nation's history) was now in place. The rule of the capitalist world by its plutocracies, for their exclusive benefit, and in partnership, had become a tacit agreement. Democracy was increasingly becoming dysfunctional, for it was being mostly manipulated.

This new tacit agreement reinforces other veins of the Dependency Theory. This theory considers as key characteristics of a distorted structure of the economy, the alliance of the plutocracies of both core and periphery nations and the generation of extreme patterns of social inequalities. In short, dependency was defined by the way a former colony was inserted in an international economic structure designed to serve the centres of power.

Reaching the End of History

The confidence of the U.S. in the recovery of its imperial power and economic might solidified with the fall of the USSR. During the Cold War, there was a need to maintain the best possible state of the capitalist system for the majority of the population. Thus, the Welfare State and living wages, that would provide a dignified standard of living, were important in order to establish a clear difference in quality of life and freedom between the two systems. When the USSR completely collapsed in 1989, the pundits of savage capitalism declared total victory and no longer felt they needed to remain socially responsible. They now believed that they were reaching the end of history. Thus, they returned to practices reminiscent of the period prior to the Great War when the politicians openly defended the big trusts and monopolies. With varying degrees, democratic corruption and the betrayal of individual voters, both in the core and in the periphery, became prevalent when governments no longer saw a threat to the capitalist system. They managed the economies with a clear asymmetric treatment of public and private interests. In consequence, the basic principles of democracy were abandoned, betraying their civil societies and moving to govern for themselves and their partners, the MNCs. Corporations were becoming increasingly powerful and had a strong influence in the support of politicians. Politicians with high ambitions could get the economic support of corporations through campaign contributions, which could make the difference between winning and losing. Political leaders protecting the people and opposing corporations' interests that affected society could be shunned out of the race because of lack of funds. Contributions from corporations are illegal in countries such as the U.S. but corruption has certainly found its way to make the corporations' money and vested interests reach politicians. In other countries, there is no legislation, at all, that could prevent the influence of the corporate citizen damaging the interest of the individual citizen.

The end result was that, beginning with Reagan and Thatcher, neoliberal Capitalism, on behalf of the multinational corporation, was imposed on civil societies to their detriment, moving back to times reminiscent of the great merchant companies of the mercantilist era. Keynesian economics with governments as agents in charge of balancing the economy, to offset the negative excesses, had been abandoned. Big corporate conglomerates and small governments were the new creed. Now the climate gave the global corporation great liberty to go as it pleased. Corporate globalization had arrived in the late 1980s, and it came with the will to stay. In essence, the concept of a democratic state had been modified, deleting its most important responsibility: to govern to seek the common good and procure the welfare of all ranks of society. Now, the so-called democratic governments, recanting on their most basic principle, redefined themselves to govern on behalf of the corporate citizen, albeit continuing to claim to work on behalf of Civil Society at large. There was an obvious asymmetric vision of their responsibilities before Civil Society and relative to the support of the private interests. Cynicism and betrayal had now taken control of their behaviour. Thus, thereinafter, self-serving ulterior motives have been shaping their actions.

In Part III we will explore in detail the development of the Neoliberal globalization process, its theory and results, and show why, if we let them, the democracies of the world will continue to be increasingly controlled by the corporate citizen against the individual's welfare.

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1 Rene Villarreal, La Contrarrevolución Monetarista (The Monetarist Counterrevolution) (México, D.F.: Océano, 1984) 108.

2 *Ibid*, 111-113.

3 *Ibid*, 113.

4 *ibid*, 106-115.

5 Ankie Hoogvelt, Globalisation and the Postcolonial World (Baltimore: The John Hopkins University Press, 1997) 94.

6 *Ibid*, 110.

7 *Ibid*, 41-42.