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NEOLIBERALISM AND SOCIAL CHANGE IN THE GLOBAL WORLD

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Abstract: Neo-liberalism is an exploitory and a neo-imperial economic and political ideology, doctrine and technology of privatization and transformation of public goods into private ones. Under the influence of neo-liberalism, abolished was a Keynesian state and curbed was the state of welfare by which significantly was decreased the state area of social giving for education, science, culture, health and social protection. Neo-liberalism is opposed to the policy of full employment, state subventions, trade union and democratic rights. It insists on privatization, deregulation and decrease of salary, which leads to increase of unemployment and poverty, as well as the fall of the living standard. Global neo-liberal financial institutions have imposed on undeveloped countries the "Washington Consensus" and "The program of structural adjustment" as imperative requirements for obtaining unfavorable loans and credits. In this way, they control national economies, they weaken and take away the sovereignty of a state, socially divide societies to ultra rich and poor, and therefore they strongly influence the total economic, political and social changes in societies.

Keywords: *neoliberalism, powerful global financial institutions, globalization, poverty, inequalities*

INTRODUCTION

Seven decades ago, during the Second World War, at the Mount Washington Hotel in Bretton Woods in New Hampshire in July of 1944 was held a Monetary and Financial Conference of the United Nations. At it were established the World Bank and the International Monetary Fund (IMF), and established was the basis for the future GATT (General Agreement on Tariffs and Trade). The Bretton Woods Agreement in fact established powerful institutions of global trade and financial impact, the institutions that generate a militant neo-imperial colonial domination and will, therefore, significantly affect the geopolitical configuration of international relations.

At the talks in Bretton Woods, on one side, participated an English economist John Maynard Keynes and, the American economist Harry Dexter White. Keynes advocated interventionist principles and the

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principles of operation of the IMF and the World Bank, while Dexter advocated (neo) liberal principle according to which, for example, the World Bank was the mediator between private international banks and countries that borrowed money. Dexter's doctrine won and it was later adopted by other countries in which, under the pressure of the impact of this doctrine, major economic, political and social change occurred.

The meeting was chaired by Henry Morgenthau, Minister of Finance of the United States who said that it was necessary to "create a dynamic world economy, where people of all nations will be able to realize their potential in peace and to enjoy more of the fruits of material progress on an Earth endlessly endowed with natural resources. "He asked the conference participants to accept the "basic economic axiom... that prosperity has no boundaries. This is not the final size to be able to reduce it by division." These views of his represent the cornerstone of the neo-liberal economic paradigm embodied in the "*structural adjustment programs*" on what will insist particularly the International Monetary Fund.

Neoliberal ideology of the monetary and market fundamentalism has led to a complete erosion and destruction of the concept of solidarity of a "welfare state", the destruction of not only the socialist countries, but also the social democratic form of capitalism. The practical application of this ideology has led to mass unemployment, misery and poverty, falling standards and quality of life, falling standards in the field of social legislation, environmental and health issues, and so on. Quite clearly it has shown that countries that followed the neo-liberal ideological concept and at the same time take funds from the International Monetary Fund, the World Bank and other powerful financial institutions of neoliberal capitalism, follow none other than - their own suicide path.

LIBERAL CAPITALISM, THE WELFARE STATE AND NEOLIBERAL CAPITALISM

The emergence of a "*welfare state*" (*social state, service state*) is the result of engaging the masses in Western democratic countries in the area of solving economic and social problems that occurred after the Second World War. By their engagement at the same time they were looking for certain compensation and, on the basis of increased economic and social pressures, the state was gradually turning into a "welfare state" in the United States, England and the Scandinavian countries. So it was created, both at a theoretical and a practical level, the "welfare state", "society of abundance" and "people's capitalism". This "welfare state" developed a system of social policy, public works, protection and maintenance of standards of broad layers of society.

For the Social Democrats, the concept of the welfare state, with its values of freedom, solidarity and equality meant a method of a foggy attempt to "overcome" the capitalist mode of production. They felt that the class division of society can exist, but that the class struggle cannot, but that *class*

collaboration and *class compromise* necessarily must exist, which the welfare state was achieving.

The thing that, as a special form of the capitalist state and the capitalist organization of society essentially characterized the "welfare state", is that it can be understood as a special form of organization of the capitalist society that is characterized by three features: a mixed economy, a pluralist parliamentary democracy based on the concept of human rights and freedoms, and opposed to the challenges of violent revolution and, what is very important in social terms, a well developed complex social security system of members of society.

The "Welfare state" was developed with the economic and political crisis and its climax and glorious period was taking place from 1945-1970

Retrospectively looked at, after the First World War and the general depression of society that appeared, people started to question the *laissez-faire* concept of a liberal economy. From 1929 when firstly in the U.S. an economic crisis occurs and then in the whole world, it was clear that the state will resort to interventionist economic, political and social measures.

However, as the welfare state has to assume a steady, sustained economic growth, it aims to meet the needs and interests directly outside and beyond the market economy. But, in the period of recession and stagnation of production, there is inflation, rising unemployment and falling of living standards. As social policy is an essential component of the "welfare state", in times of crisis, the ruling class does not exactly make concessions to the workers, the unemployed and the poor. Thus, there is tension between economies and markets, on the one hand, and the "welfare state", on the other, which creates a number of internal problems, including social ones which the "welfare state" was implementing. From the fifties to the seventies of the last century lasted a successful period of the "social welfare state", which was able to provide citizens with a general social welfare, and largely eliminate poverty, disease and illiteracy. However, the increase in unemployment, poverty and declining living standards have started to reflect negatively on the "welfare state." Not only poverty in some countries, but poverty in the global area, began to contribute to the erosion of the "welfare state."

Well, despite the problems and failures, some believe that, regardless of the bad experience, the "welfare state" is still an irreplaceable system of solving economic and social problems and possible political conflict in capitalism.

But, in a fit of aggressive neo-liberalism, the concept of "welfare state" began to lose. Neoliberalism is not interested in equality and justice; it encourages globalization of wealth on the one hand, and the globalization of misery and poverty, on the other hand. Neoliberal measures increase rate of unemployment, misery and poverty, thus contributing to the degradation of the "welfare state." With the technological advancement, employment is reduced, so today global unemployment reached a number of over a billion people. So it shows that neoliberal globalization is a contradictory pheno-

mena: on the one hand it brings economic productivity, and on the other, unemployment, social exclusion, poverty and environmental destruction.

Neoliberalism is opposed to the "*welfare state*." Globalization is imposed by the powerful owners of financial capital, and that is why it is, based on the principles of neo-liberalism, turned completely against the poor peoples, nations and states. In this sense, the neoliberal program is an "attempt of institutional strengthening of current historical earnings of world political mobile capital," with the demagogic claim that "what is good for capital is beneficial for all," and the promise was: "Everyone will become richer and will, and ultimately the poor will also benefit. "That's how the neoliberal program proved seductive promising global justice for all, and that's why the previous "welfare state" became redundant.

Neoliberal globalization markets have undermined the existence of the "welfare state". The aim of the "welfare state", as it is said, was the establishment of social justice, reduction of social inequalities and the regulation of mutual interests. However, by very powerful mechanisms of neoliberal economy, deregulation, privatization and liberalization of the market in particular, completely is reduced the state and trade union protection of the interests of workers, the unemployed, the poor and marginalized sections of society. Markets, competition and money at the global level are those "values" which will be the basis of all human activities, both those material and those spiritual and symbolic, that will be imposed to all countries, all peoples and cultures, regardless of their mutual differences.

In economic terms, neoliberalism has led to disastrous consequences that are primarily related to the *destruction of the national economies*. The essential point of a neoliberal economy is the liberalization and deregulation of the national economy, which, for unprotected and uncompetitive national economies, their societies and states, is disastrous. Accepting the imposed neoliberal ideology through the "help" program those national economies very quickly reached an irreversible abyss of poverty, unemployment, falling living standards and "debt slavery."

Significant institutions of power of neoliberal capitalism are the *International Monetary Fund, World Bank, World Trade Organization and transnational corporations*. The International Monetary Fund, World Bank and World Trade Organization have become institutions-symbols of global "integration" in which the International Monetary Fund is an "insurance company" that insures corporations and banks from the risk of collecting profits around the world.²

International economic organizations are "*econocrats*" because, as powerful regulatory institutions, they direct priorities in the area of economic management, towards achieving the interests of large and

² Vojislav Mićović, *Globalizacija i novi svetski poredak*, „Čigoja štampa“, Beograd, 2001, s. 108.

powerful corporations and the wealthy social classes. In this "econocratic" circle the International Monetary Fund is a global financial policeman of collection of debts by imposing "draconian belt-tightening measures" (Engdahl). This way they create an internal *social apartheid* in which on one side are the very rich and on the other are the very poor. According to research by historian Paul Bairoch, inequality between rich and poor countries in 1750 amounted to 2:1. So, the rich countries were twice richer than poor countries. Since then, the differences are constantly increasing.³

Poverty is definitely not a "harmless" global occurrence and right are those who believe that global inequality, an unbalanced and unequal distribution of wealth in the world "could become a major source of problems and threats to world security through global terrorism."⁴

To show the complexity of the activities of multinational corporations, Jerry Mander points out, "the eleven rules of corporate behavior": *profit imperative* - as the supreme, the basic criterion of action and motive of corporations which must be "above the welfare of the community, health of workers, public health, peace, environmental protection or national security"; *growth imperative* - because corporations must constantly grow in order not to fail, which means they constantly have to look for resources regardless of where they are; *competition and aggression* - which means that the corporations constantly compete with other corporations and to survive such a system of competition they impose on employees too; *amorality* - corporations make their actions appear as "moral" and "humane", but they are immoral and inhumane; *dehumanization* - in the corporate system, people are depersonalized and dehumanized; *hierarchy* - corporations can not exist or survive without a rigid hierarchy; *countability, linearity and segmentation* - which means that corporations are converted into numbers and quantity rather than quality; *exploitation* - corporations make a profit by exploiting labor and resources; *ephemerality and mobility* - which means that "corporations exist outside of time and space", and that "the legal structures that exist are only on paper"; they have no moral nor "obligations to the place", to employees and therefore can easily be moved to another place; *disharmony with nature* - corporations penetrate deep into nature, exploiting and using to produce more goods and thus, more profits; *homogenization* - to achieve higher profits, corporations are not interested in diversity, but in consumerism and unification, i.e. in life in an identical and homogenized way, so that we buy their unified and standardized products.⁵

³ Erik S. Reinert, *Globalna ekonomija: kako su bogati postali bogati i zašto siromašni postaju siromašniji*, „Čigoja štampa“, Beograd, 2006, s. 6.

⁴ Jasna Plevnik, *Iza globalizacije: geoeconomija međunarodnih odnosa*, "Golden marketing", Zagreb, 2003, s. 173.

⁵ Džeri Mander, *Pravila korporacijskog ponašanja*, u: *Globalizacija – argumenti protiv*, (Prir. Dž. Mander i E. Goldsmit), „CLIO“, Beograd, 2003, s. 315, i dalje.

Corporations wholeheartedly aim to earn profits, and one of those ways is - restricting competition.

Transnational corporate activity is very powerful. In economic terms, transnational corporations play a huge role in the world economy. In political terms, their elites are a part of the "power elite" in which included is the political elite. In the cultural and ideological sense they strongly promote and spread the culture and ideology of consumerism - the media is under their control by spreading a false propaganda message to which the interests of the company is also the interest of the customer, and vice versa.

As they are powerful, transnational corporations are privileged and thus cause great damage to national economies. To their products is provided tax relief; with their investments they condition (blackmail) domestic producers and governments to make decisions on their dictate; they reduce the power of the workers and their trade union protection which increases the degree of exploitation of labor force and unemployment; they require tax breaks; they avoid legal regulations, violate legal norms, bribe "lobbyists", and so on.

By the mid-twentieth century, the companies were acting within the national capitalist economies in which the state played a central role. Conceptual and ideological basis of the economic activities of the first half of the twentieth century was based on a mixture of "*Social Darwinism*", in which the strongest survive in the market, and the "*laissez-fair*" economy, which was based on freedom of economic activity and "fair" relations. However, since the second half of the twentieth century, multinational economies go beyond the patronage of the national state and get onto the international economic stage independently as multinational or transnational companies, in other words as "companies without a country". They have developed a new globalist ideology of global markets exempt from state regulations. Their "global managers" have put corporate interests above "the national interests of the countries in which they operate."⁶

It's hard with absolute certainty to rely on statistical data, but we will, however, to illustrate, list some of them. So, for example in the U.S. about "200 corporation hold more than 80 % of all sources of production." Or, for example, 80 % of the world market is controlled by the ten largest corporations in the field of telecommunications; 60 corporations rule the worldwide food and beverage industry; 5 large corporations control 75% of world trade in cereals; 500 multinational corporations control 80% of world trade and 75% of global investments. By controlling the global trade and exchange, multinational corporations "have income to which the GDP of many countries seems small". About 51 % of global capital is owned by large transnational corporations, while the states own 49%. Share of transnational companies continuously grows and strengthens in the world

⁶ Smilja Avramov, *Civilno društvo i nevladine organizacije – alternativni modeli svetske zajednice*, „Nova Evropa“, Beograd, 2006, s. 64.

economy, so it is called the *economy of transnational companies*. Under the control of transnational companies is four fifths of world trade, 4/5 patents for new techniques and technology, and over ½ of world industrial production etc. By strengthening of transnational companies achieved is the process of growing interdependence in the world economy, where it comes to a conflict of interest of those companies and the national state.⁷

Investments realized by the International Monetary Fund and multinational corporations only increase the competitive power of the economies of the rich and developed countries and create an unbridgeable gap in relation to the economies of underdeveloped and poor, but dependent countries. In exchange for financial assistance from the IMF and the World Bank, countries in need of money, actually "accept advice and supervision" which allow these institutions to have effective "limited form of voluntary empire".⁸ This form neoimperial capitalism is based on "*The Shock Doctrine*" and Naomi Klein calls it "*disaster capitalism*." More comprehensively looked at, the doctrine of catastrophic capitalism is "*the doctrine of death*." The mechanism of such a doctrine is a - "*structural adjustment program*". What characterizes the so called "*Structural adjustment program*"?

The "structural adjustment" program means the implementation of fiscal restrictions, and it is reflected in the reduction of social expenditures (for services of health, education, public services, social assistance) and investments. Thus, the neoliberal concept is entirely contrary to the concept of the "*welfare state*" and "*social state*." The famous *Washington Consensus* and the *Structural adjustment program* are the instruments by which powerful global institutions of neoliberal capitalism (International Monetary Fund, World Bank, World Trade Organization, transnational corporations) impose on states requirements which present a scenario of destruction of states and economies, and relate to: deregulation of financial markets and capital market liberalization - thereby depriving the state of control of money; abolition of controls over foreign investment and lowering the corporate income tax - which achieves the dominance of foreign production over domestic production; freedom of competition, liberalization of foreign trade and the abolition of restrictions on inflow of foreign investment - which implies the existence of the free flow of capital and the elimination of import tariffs as a mechanism of protection of domestic production; progressive elimination of barriers to international trade and capital flows; free trade and market forming of prices;

⁷ Miroslav Pečujlić, *Globalizacija: dva lika sveta*, „Gutenbergova galaksija“, Beograd, 2002, s. 65; Franses Mur Lape, Džozef Kolins, Piter Roset, *Dvanaest mitova o gladi*, „CLIO“, Beograd, 2005, s. 316; Đoko Slijepčević, Bogdan Ilić, Đorđe Mitrović, *Nova ekonomija u uslovima globalizacije i informatičkog društva*, „Ekonomski fakultet“, Banja Luka, 2008, s. 32.

⁸ Robert Kuper, *Raspad nacija: poredak i kaos u XXI veku*, „Filip Višnjić – Klub Plus“, Beograd, 2007, s. 76.

privatization of public enterprises and the protection of private property – which implies the release of state from expenditures and their transfer to the private sector, companies and citizens; elimination of price controls and the introduction of wage control - leading to a decline in purchasing power and the destruction of the national economy; expansion for the imposition of taxes; competitive exchange rate; limiting public spending and reducing allocations for education, social solidarity, social and health care.⁹

To not accept these draconian measures that, in effect, destroy countries and its economies, it means to be accused of "protectionism" and "discrimination", and it means to be deprived of "assistance", loans and integrations. Thus, institutions that advocate the development of national and international economy actually destroy the national economy. By this developed is a new corporate colonialism that is different from as it performs with more cynism and less consideration, with which it will rob, impoverish and marginalize more people, destroy more cultures and create more environmental damage than those made by the old colonialism.

At first glance it may seem that the *Washington Consensus* and the *structural adjustment program* determine sustainable development. But it is not exactly so. Why?

As a global platform of development the *Washington Consensus* was allegedly conceived as a mechanism which will lead *free markets* to higher rates of growth and effective poverty reduction. But the development of the world economy has denied such expectations since it was shown that countries that have adopted the *Washington Consensus* and the *structural adjustment program*, did not succeed to economically develop or reduce poverty, and that countries that did not strictly adhere to these mechanisms of neoliberal economics, succeeded in that. On the other hand, market liberalization has led into question the potential of national companies and national economies and reduced their competitive power in the global market, which had a negative effect on them. Also, these mechanisms were apparently suggested for the realization of the concept of sustainable development, but it turned out that their use is difficult to put into practice of all countries regardless of their level of development. In the suggestion forgotten was the "effect of the subsequent development", which means that countries that start with industrialization when other countries have a developed industry, should have a different economic policy, institutional arrangements and modern technology and technology solutions that will "shorten" time development of industrialization, which is necessary for developed countries.¹⁰

The neo-liberal project of the free market is supposedly supposed to lead to the prosperity of all countries and their economies. But that did

⁹ Volden Belo, *Program strukturnog prilagođavanja*, u: *Globalizacija – argumenti protiv*, (pr. Dž. Mander i E. Goldsmit), „CLIO“, Beograd, 2003, s. 275-276.

¹⁰ Ljubiša Adamović, *Ekonomska kriza i održivi razvoj*, u: *Konkurentnost u funkciji održivog razvoja*, “Svarog“, Tematski broj 3, 2011, s. 18-19.

not happen because the mechanism, imposed by the powerful, rich countries, its economies and the global institutions of power and force, led to the antagonistic divide between rich and poor countries and nations. Thus, it was shown that the free market is not free, nor, as neo-liberals point out, the "natural state" of capitalism, but it is with different out of state, and national economic, political and even military mechanisms a construed mechanism which then imposes itself on all its participants in it. The neo-liberal discourse of "democratic capitalism," "democracy" and "free market" is, in its essence, is actually trying to hide its lack of democracy and the various problems that arise as a logical consequence of imperial and (neo) colonial development of undemocratic capitalism.

Globalization processes are not based on the democratization of economic and social relations, but rather on division, exploitation, (neo) imperialism and rigid antagonism. Neo-liberalism is opposed to the achievements of the "welfare state" and the neo-liberal globalization processes are processes of discrimination which, in the field of international relations, are established by powerful states.

The so-called *Washington Consensus* is a project through which powerful international financial institutions implement a model of globalization that exactly fits the powerful and the rich capitalist countries, and through which they exploit and destroy national resources and weaken national economies, nations and states. Because both the *Washington Consensus* and *Structural Adjustment Program* to the national states set a number of requests that destroy their protectionist measures to protect their economies, so that the concept of economic liberalization brings into question their national, state and economic interests.

The International Monetary Fund and the World Bank have to the countries and economies of the so called "Third World" imposed a "structural adjustment program" to make their economies more "efficient", "competitive" and "capable" to flourish in the global market. Essentially, this program has opened markets and economies of the "Third World" for foreign corporations. And it was done by the measures of the "structural adjustment programs" that have removed import barriers, developed the free market, privatized state-owned companies, lead to the deregulation (the removal of restrictions on investment), reduction of the state budget for health, education and social protection. Structural adjustment is a dictation imposed by the International Monetary Fund and the World Bank in order to accept the concept of neo-liberal economy that removes import restrictions which led to the local market being flooded with imported goods paid in foreign currency, whose outflow stopped the work of domestic firms.

The neo-liberal economy, which is favoured by the powerful global institutions, has been criticized many theorists. In this sense it is a true metaphor that the IMF acts as a bad doctor who prescribes the same medicine for all diseases. Regardless of the differences, the IMF has the

same solutions. One of the most significant objections to the IMF, as Soros states, is that "it does not have a methodology for distinguishing between healthy and unhealthy economic policies."¹¹

And that is why the actions of the IMF and the globalization processes have been going in the same direction - in favor of the rich and at the expense of the poor. Of course, the result is understandable: the gap between the rich and poor has increased significantly thanks to globalization and its institutions of power.

And the *Washington Consensus* and *Structural Adjustment Program* as a very efficient mechanisms of contemporary neo-imperial exploitation like a domino - effect increase the debts of the poor, hunger, disease, unemployment, misery and poverty. Measures taken by the powerful global financial institutions like the IMF and the World Bank, often lead to the reduction and jeopardizing the optimum production of food and lead to - *hunger*.¹²

As a result of neoliberal-based global inequality, hunger, poverty and mortality rates are increasing. Malnutrition and hunger currently include more than 800 million people worldwide, and with the increasing world population it will result in even greater food shortages. Die daily from hunger around 20,000 people, mostly children. In the period of 2010-2012 200,000 children in Somalia have died of starvation. More than 50 % were children under five years of age. At the same time, every year in the world destroyed is about six million hectares of fertile land, thus reducing the possibility of higher production. It is estimated that today ½ the world's population lives on less than two dollars a day.

But, nevertheless, guided by the "ostrich philosophy" governments of the poor countries continue to seek "help" from those who push them into debt slavery. They seek "help" from those which impose on them various restrictive measures that impede investment and growth. "The principle was simple - countries in crisis desperately need urgent assistance to stabilize the currency. But when privatization and free trade policies 'pack up' along with financial arrangements, the states' only option is to accept the whole package. Indeed, the tricky part of the whole plan was that the economists knew that free trade does not have anything to do with ending the crisis, but that information was wisely 'concealed'."¹³

Thus, through the powerful international financial institutions such as the IMF and the World Bank, the neoliberal doctrine destroyed the "welfare state" and its social program. The success of multinational

¹¹ Džordž Soros, *O globalizaciji*, „Samizdat B92“, Beograd, 2003, s. 89.

¹² View Shiva's negative example of the application of The World Trade Organization in India. Vandana Shiva, *Ratovi za vodu: privatizacija, zagađivanje i profit*, „D. A. F.“, Zagreb, 2006, s. 13-14.

¹³ Naomi Klein, *Doktrina šoka (uspon kapitalizma katastrofe)*, „Grafički Zavod Hrvatske“, Zagreb, 2008, s. 165.

corporations is related to low wages, cheap raw materials, "loose" environmental laws and very high local corruption. Powerful transnational corporations are dominant over national economies and, in their intensely mobile and expansive action, have an interest in economically weak and powerless states that, in order to allow for some kind of development of their economies, accept the neoliberal "structural adjustment program", thus removing state barriers that limit the uncontrolled movement of capital. In the "effort" to develop their economies, national economies are becoming controlled and helpless, falling into the trap of recession.

Contemporary globalization processes developed interests of *companies* and *multinational corporations* that belong to the powerful developed countries. In the ruthless race to win the market, energents, raw materials and resources, there was no globalization of human values, freedom, rights, democracy, the rule of law and the rule of law. Economic, political and military interests have pushed human values and threatened human rights and freedoms. Powerful nations of the world for their companies are trying to control the world economy, energy sources and the market regardless of the means and methods of pressure to, by the expansionist aspirations of their companies, secure a monopoly position in the world market. In the process of achieving their interests, powerful states easier establish obedient puppet governments and authoritarian undemocratic regimes (in violation of basic international principles of non-interference in the internal affairs of the state, funding elections) with which they will share profit by spreading corruption, provoking local armed conflicts, blackmailing the granting of financial assistance, than they would like to develop and promote the rule of law on a global level, which would certainly jeopardize their monopoly powers and interests. Very often the concession for the exploitation of natural resources of underdeveloped countries are obtained by bribing local elites. In such conditions, the environmental standards and regulations are violated and in such circumstances it is not possible to develop the basic elements of the rule of law and protect human rights at the "local" level as well as internationally. Globalisation and the rule of law in the international area are shown as two separate and mutually irreconcilable occurrences.

In such global neo-liberal relations the position of the "national", "civic" or "ethnic state" is very difficult. As opposed to the neoliberal state or "supranational supervisory" or "cosmopolitan state" are "ethnic states" double handicapped. First of all, they are always "second-movers" because firstly the world economy makes the moves and, then, the states must create some sort of "counterforce" as opposed to the actors of the world economic and political power. These handicaps limit states the success of its initiative.¹⁴

¹⁴ Ulrich Beck, *Moć protiv moći u doba globalizacije: nova svjetskopolitička ekonomija*, „Školska knjiga“, Zagreb, 2004, s. 333.

Neoliberal economic growth suits a minority of countries. In the period from 1975 to 1985, the world economy has grown by 40%, while at the same time the number of poor increased by 17%. Over 100 countries today are economically worse off than they were before. In developing countries, the income is lower than before, and the poverty and misery are higher. And all of this is, of course, a product of the practical application of the neo-liberal ideology in the area of global economic and political relations that are based on mutual inequalities. After all, there are three important foothold of neoliberalism: individualism, freedom and inequality.¹⁵

So it shows that, in order to realize its interest, absolutisttotalitarian capitalism is very aggressive, militant and militaristic.

The structure of power and influence in the global processes has changed significantly. Now the process of globalization, and also the state and social processes, as well as economic, political and social situation of millions of people, are governed by institutions of global power - the IMF, World Bank and World Trade Organization. They "enable" ruling from that side of the national state` and at least partially compensate for the loss of national capacities for action in several areas of functioning."¹⁶

Global institutions of power are at the same time the institutions of the *state seizing sovereignty*. The actual neoliberal mechanism of destruction of the state and its seizing of sovereignty is not one-dimensional. It is complex because it covers all areas of social life, from the economy through politics, to the culture and spirituality.

Neoliberalism by, cross-linking in all the essential structures of modern societies, has become the dominant hegemonic global economic and political doctrine.

Neoliberal measures imposed by the IMF, the World Bank and the World Trade Organization, are measures of the global economic and *social apartheid* that on one side extremely increase wealth, and on the other, poverty. What is paradoxical is that the IMF, which is a UN institution which in this way institutionalizes wealth and poverty on a global level. But, not only that.

CONCLUSION

Deregulation, privatization and reduction of the public sector expenditures and social support and help, have expelled the state from areas where its power was exclusive and, at the same time, they brought into question the concept of the "social state" in words the "welfare state".

Neoliberal theory and practice is opposed to any form of social solidarity. Imperative austerity measures imposed by powerful global financial institutions directly affect the measures of employment, standard

¹⁵ More fully about this in: Slobodanka Nedović, *Država blagostanja (Ideje i politika)*, „Draganić“, Beograd, 1995, s. 175, i dalje.

¹⁶ J. Habermas, *Postnacionalna konstelacija*, „Otkrovenje“, Beograd, 2002, s. 75.

of living, quality of life and health of the population affected by these measures. These measures lead to an increase in unemployment and poverty, which directly threatens human health. The increase in the unemployment rate leads to an increase in poverty and a lack of money for medicines, health care and nutrition. Reduction of control and health maintenance leads to increased morbidity.

Under pressure from powerful institutions of the global neoliberal economy the most frequent national economies very quickly and without any preparation to protect their companies, businesses and their economy, accept market liberalization which results in almost total *destruction of the national economy* and *seizing of state sovereignty*. Only when it was too late, it was realized how liberalization of the economy and the acceptance of market fundamentalism for national economies was a catastrophic decision.

NEOLIBERALIZAM I DRUŠTVENE PROMJENE U SVIJETU

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Apstrakt: Neoliberalizam je eksploatorska i neoimperijalna ekonomska i politička ideologija, doktrina i tehnologija privatizacije i transformacije javnih dobara u privatna. Pod uticajem neoliberalizma je ukinuta kejnzijanska država i potisnuta država blagostanja čime se znatno smanjio državni prostor socijalnih davanja za obrazovanje, nauku, kulturu, zdravstvo i socijalnu zaštitu. Neoliberalizam se suprostavlja politici pune zaposlenosti, državnim subvencijama, sindikalnim i demokratskim pravima. Insistira na privatizaciji, deregulaciji i smanjenju plata, što dovodi do povećanja nezaposlenosti i siromaštva, kao i pada životnog standarda. Nerazvijenim zemljama su globalne neoliberalne finansijske institucije nametnule „Vašingtonski konsenzus“ i „Program strukturalnog prilagođavanja“ kao imperativne uslove za dobijanje nepovoljnih zajmova i kredita. Na taj način kontrolišu nacionalne ekonomije, slabe i desuverenizuju države, socijalno raslojavaju društva na ultra bogate i siromašne, i tako snažno utiču na ukupne ekonomske, političke i socijalne promjene u društvima.

Ključne riječi: neoliberalizam, globalne finansijske institucije moći, globalizacija, siromaštvo, nejednakosti

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