Neoliberalism and the Sovereignty of the Global South

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Neoliberalism—despite fronting as a doctrine for economic policy—is a deeply political undertaking. Multiple scholars define neoliberalism accordingly—as an exercise in the redistribution and transfer of wealth (Harvey, 2007), as a political project of the corporate capitalist class (Harvey, 2016) to restore capitalist class power as a response to socioeconomic crises of the 70s (Van Apeldorn and Overbeek, 2012; cited in Venugopal, 2015), as a new mode of political optimisation (Ong, 2006),and as "a revival of liberalism based on a critical revision of the liberal agenda" (Biebricher, 2014). Distinctions are maintained in the theoretical and practical manifestations of the concept. Theoretical neoliberalism is its pure form, and the practice is its imperfect realisation (Connell and Dados, 2014). Theory that frames neoliberalism as a peaceful path to prosperity is ignorant of the politico-economic displacements that come as corollaries to the tenets of privatisation, liberalisation, etc. Neoliberalism has been observed as a global, discursive, and militarised expansion of capitalism.

This essay discusses the impacts of neoliberalism on state sovereignty, specifically on those within the Global South, arguing that different models of neoliberalisation have impacted sovereign states in different ways. It argues that while state sovereignty can be theorised diversely depending on specific cases, neoliberalism is an assertion of class relations favouring the global—and local—bourgeois which uses the state as an apparatus to aid its enterprise of capital accumulation.

Sovereignty is a salient, albeit polemic, concept within political science, history and, diplomacy studies. Across several iterations, it has come to be described as 'supreme and absolute authority' over a polity within a territory. Per Thomas Hobbes (1968), the nation ordains the Leviathan through a contract under which they willingly transfer their rights to the Leviathan to maintain order in society, thus granting the Leviathan sovereignty over its territory (cited in Philpott, 2020). Hobbes' Leviathan might be read as monarch, the state or any figure whose authority is sovereign. An integral characteristic of sovereignty is its absoluteness. Sovereignty is either present in totality or not at all. A sovereign cannot be sovereign in some domains but not in others (Philpott, 2020).

The Leviathan, while a formidable template of sovereignty, is not its only rendition. Carl Schmitt (1992) describes state sovereignty as 'situational' (cited in Philpott, 2020; Ong, 2006; Biebricher, 2014). Schmitt takes on from Hobbes in his thinking, but his theorising contains important divergences. State power, according to Schmitt is exercised by responding to crises by invoking exceptions to political normativity (Ong, 2006) and the "Sovereign is he who decides on the exception" (Philpott, 2020).

The Neoliberal State

Even for all its disdain for the state, neoliberalism does not reject the institution of the state but instead requires it, even if it is as a "protective state (acting) as an outside referee" (Buchanan, 1975; cited in Biebricher, 2014). The state is essential for neoliberalism because it establishes and governs processes of social reproduction for the market (Biebricher, 2014). The state is not just essential but also narrowly confined to upholding conditions that favour the proliferation of the market. State sovereignty over commodity and capital affairs is left contingent on the global market (Harvey, 2007). The monopoly over violence is still retained by the state and utilised to fulfil its functions. Specific strands within neoliberal theory endorse the role of the sovereign state to encourage "the competitive order" for markets to function, against rent-seeking by interest groups of labour or capital alike

(Biebricher, 2014). A sovereign state as discussed above has absolute power, even if it is a willingly non-interventionist one. Should it choose to intervene in markets, it still would be sovereign over that domain also. A neoliberal state doesn't cede its sovereignty, it merely chooses to transfer the responsibility of order onto self-regulating market mechanisms.

Processes of Neoliberalisation in the Global South

Assessing the sovereignty of the neoliberal state in the periphery must be prefaced by an understanding of the modalities through which neoliberalism took over the world. The political project of neoliberalism has not been uniformly experienced. The modalities of neoliberalisation have been coercive (and militarised) (O'Connor, 2010; Harvey, 2007) in some cases, whereas in others they have been produced by manufacturing consent (Harvey, 2007).

Coercion is an inherent feature of capitalism and neoliberalism as a political ideology has been furthered though the hard and soft power of the core. Competition, a tenet crucial to laissez-faire economics, has a coercive effect on behavioural assumptions and institutional realities (O'Connor, 2010). Neoliberalism brought competition not only within but also across nations, which meant that class relations and state-market relations in one country were accordingly exported outwards through competition. Through institutions such as the International Monetary Fund (IMF) and the World Trade Organization (WTO), the global apparatus of the governmentality of neoliberalism maintained an ideological and material hegemony over states in the Global South, which lacked economic or political power to resist. Thus, in Africa and elsewhere through structural adjustment programmes (Conell and Dados, 2014; Kanbur, 2000), and in Mexico, Mozambique, and Philippines (Harvey, 2007) through debt contingent on neoliberal reform (financial force). In many cases across the globe, the Bretton Woods institutions have often played a coercive role in imposing neoliberalism onto vulnerable economies.

In Iraq, neoliberalism was brought through brute military force. After its military intervention into the country, the Bush government ordered privatisation, banking reforms, institutionalising property rights, and elimination of trade barriers across all sectors of the economy (Harvey, 2007). These interventions from outside severely harm the autonomy of the nation in which these wars are waged. Arguably, waging wars for capitalism is not a neoliberal speciality, and parallels may be drawn to the US-Vietnam War among others during the Cold War period.

Borrowing from Gramscian wisdom, it may be observed that the sustainability of neoliberalism stems from the hegemony of its ideas that are professed through manufactured consent. Neoliberalism was/is deliberately and discursively constructed to appear as common sense (Harvey, 2007). Neoliberal sensibilities disguised political questions as cultural ones, according to Gramsci, and it pervaded across religions and traditions to form an ideological hegemony. The IMF and World Bank also worked to uphold these sensibilities by serving as influential units of knowledge production. These institutions as well as educational universities and think tanks in the West (and subsequently, globally) form knowledge systems that reenforce the hegemony of neoliberal thought.

Such theorising observes a unidirectional production of neoliberalism—an imposition of the core onto the periphery. However, Connell and Dados (2014) also highlight the role of domestic actors within countries of the Global South in processes of neoliberalisation—In Chile, another example of militarised neoliberalism, a military coup ousted the incumbent regime, and Chilean economists trained in the West rolled out neoliberal reforms. In Australia and New Zealand, neoliberal reforms were put forth by democratic governments as a path for economic growth (Connell and Dados, 2014).

Human rights of/by/for Neoliberlism

Ghanian leader Kwame Nkrumah was a firm critic of the formal sovereignty of post-colonial nation states, stating that western developmenentalism's exploitative mechanisms create conditions for 'neo-colonialism' (Whyte, 2019). Such ideas from the South threatened the international capitalist order in a period of decolonisation. In these contexts, the intellectual and influential Mont Pélerin Society in 1957 expressed their ideas for a moral framework that competes with the growing post-colonial human rights philosophies such as those put forth by Nkrumah. This collective boasts

of an elite patronage—such as Milton Friedman and Friedrich Hayek (The Mont Pelerin Society, n.d.), the torchbearers of neoliberal thought. A competing framework of market-friendly human rights was envisioned to specifically "create, as soon as possible, conditions in the colonial areas under which the white people not only can stay but where more of them can enter the areas as welcome partners and friends", in the words of Stanford schlar Karl Brandt (Whyte, 2019). Creating distinctions between political sovereignty and economic ownership, imperial powers could continue to purchase resources of their former colonies through free trade on the international market "rendering colonisation and conquest unnecessary" (Whyte, 2019)—at least in the form it has been practiced before. The contrasts between Nkrumah and the Mont Pelerin Society show a different way in which actors from the South came to have influenced neoliberalism. To challenge post-colonial human rights approaches emanating from the South, neoliberalism developed its own rationalities for human rights, thus making 'human rights' and 'freedom' discursive tools for consent to fuel the global project of neoliberalism. These ideas have reappeared in the speeches of leaders from the US and UK as political rationality.[1]

Southern Sovereignties and Neoliberal Conquest

As outlined above, neoliberalism spreads through coercion, consent or both. These varying modalities also have varying impacts on sovereignty. Following are descriptions of how experiences of neoliberalism in the Global South impacted state sovereignty. In Iraq, where a military conquest was actioned to impose neoliberal reforms, the sovereignty of the incumbent Iraqi state was violated by the brute force of the United States. Harvey (2007) notes that reforms brought by an occupying state would be illegal, and therefore the United States appointed an interim government that was declared 'sovereign' and passed these laws.

Neoliberalisation has been overtly coercive when militarised, such as in Iraq by a foreign invasion and in Chile through a military coup. However, in Mexico and others where debt lent by the IMF to vulnerable economies has been conditionally bound to enforce neoliberal policy, this too represents coercion, albeit through financial means. Similarly, WTO "sets neoliberal standards and rules for interaction for its member states" (Harvey, 2007). Within the liberal international order, states face the pressure to conform to international law and to rules set by international organisations such as the WTO, however, international law is non-binding (Philpott, 2020), and enforced on principles of mutual cooperation. Thus, *de jure* state sovereignty remains intact in liberal internationalism. However, in a highly centralised global financial system where economies in crisis had few lenders—either Western powers or the IMF and World Bank (dominated by the West)—states of the Global South have had no *de facto* sovereignty.

Connell and Dados' (2014) critique of views that describe neoliberalisation as an external imposition is important in highlighting agents of the Global South that catalysed neoliberalism in their countries. For Australia and New Zealand, neoliberalism was a pathway for capital accumulation. In Chile, the coup was supported by the US government as well as the local elite who were disgruntled by Allende's socialist regime (Harvey, 2007; Connell and Dados, 2014) and neoliberalism was a framework to achieve legitimacy by growth while also pleasing both bands of supporters (Connell and Dados, 2014). These instances, where the sovereignty of states in the Global South was perhaps untarnished, might also be seen as examples of neoliberal hegemony. The dominance of neoliberal values through soft power and knowledge systems cannot be ignored. Policies prescribed through consent in the South were nonetheless exported from the West. Hegemonic neoliberalism thus sustains both *de jure* and *de facto* sovereignties in the Global South. Chile does present a grey area where the sovereignty of Augusto Pinochet's regime was established by force after toppling the existing, democratically elected government of Salvador Allende, especially with the endorsement of a foreign power. Here, while regimes changed, it can be argued that the state as an institution remained sovereign, or perhaps as sovereign as the sovereignty that was "handed to the interim government" (BBC News, 2018) in Iraq in 2004 by the US. In each case, neoliberalism has functioned as a means for political gain.

Here, Schmitt's 'exceptionalist' understanding of sovereignty (described earlier in this essay) is instructive in understanding these varied experiences. Ong (2006) proclaims that the sovereign exception is selectively deployed. Practices of sovereignty have been "spatialised", working sometimes "as neoliberal technologies, or as exclusions from neoliberalism" (Ong, 2006). This allows not only different forms of neoliberalisation, but also of neoliberalism.

Conclusion

Neoliberalism "expresses the "political will" of the capitalist class, especially financial institutions, to restore their revenues and power" (Connell and Dados, 2014). This seems to apply universally across the Global North and South. Scholars suggest that the state works to uphold rigid class relations through international competition and globalisation (Harvey, 2007), using these premises to further neoliberalism. These broader relations replace national territory as the frame of reference for political decisions and policies increasingly align with corporate interests (Ong, 2006).

The dominance of capital over existing state-citizen relations also weakens the socioeconomic position of labour. Pinochet's coup repressed labour movements and all social and political organisations that stood in opposition to neoliberalism. In the Global South specifically, social relations are reproduced as class relations. In Indonesia, Malaysia and the Phillippines, the ethnic-minority Chinese enjoyed a concentrated power, while the mode of acquisition of this power, was different from countries like Australia (Harvey, 2007). In India, Oxford-trained economist and the then Finance Minister Dr Manmohan Singh brought neoliberal reforms to the country in 1991 as a set of measures taken to alleviate a balance of payments crisis. The Indian story of neoliberalism, from 1991 to its current has been massively successful in producing high rates of growth but this growth permeates differently among the country's diverse regions, religious and caste groups (Das, 2015). Neoliberal growth has accentuated inequity along gender, ethnicity, race and caste while also sustaining a broader global disparity between states of the core and periphery.

Contoured by global economic forces, states and their sovereignty serve as a mechanism for producing and protecting class relations that favour the capitalist elite within and across nations. In Iraq, while regimes changed, and the US military waged war for their freedoms, the Iraqi population suffered an imposition of capitalism and their resistance was met with antagonism (Harvey, 2007). The construction of Iraq as a site of neoliberalism for the freedoms of its people while simultaneously suppressing their social movements and political voices against the capitalist conquest is a tragic irony.

The scope of this essay has been to investigate the impact of the neoliberal project on the sovereignty of states. This investigation calls for further inquiry that focusses not on the sovereignty of states but on impacts of neoliberal processes on the autonomy and will of the people in the Global South.

Notes

[1] In 2023, UK Prime Minister Rishi Sunak while making remarks on illegal migration in the country stated that his proposed bill includes clauses that block the use of international and domestic laws to plea for migration to the UK, including the Human Rights Act (Sunak, 2023). Effectively meaning that the legislation—should it be instated—would disallow asylum to individuals whose human rights are threatened. This speech marks a significant evolution in that a country which historically championed human rights often above the political sovereignty of several nation-states would seek to decouple itself from those very mechanisms to allow its "sovereign Parliament" to restrict migration into its territory.

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