

American Hegemony Comes Home: The Chilean Laboratory and the Neoliberalization of the United States

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Abstract

International theorists have long argued over the longevity of American hegemony and whether or not the American-centered international order is currently in crisis. What remains largely missing in many of the analyses of the history and present of American hegemony is an examination of how maintaining global hegemony affects or has affected domestic American political and economic institutions. Looking back at the early 1970s, I examine the nexus between the crisis of American global hegemony in the aftermath of the Vietnam War, the project of neoliberalization in Chile and how the Chilean socioeconomic “laboratory” set an important precedent for the subsequent adoption of neoliberal reforms in the United States under the Reagan Administration. The reassertion of American hegemony was coextensive with a neoliberal project that was initially experimented with in Chile under the authoritarian rule of Augusto Pinochet.

Keywords

hegemony, neoliberalism, Ikenberry, Arrighi, Chile

“[P]eople were in prison so prices could be free.”¹

Examining historical patterns of international hierarchy reveals a rich and multidirectional diffusion of norms, practices, and knowledges between dominant and subordinate polities.² Imperial historians have for some time now have documented this transnational norm diffusion by looking more closely at how colonial spaces were in fact laboratories of sociopolitical experimentation.³ Nonetheless, this multidirectional norm diffusion and appreciation of the active reverberations from imperial or subordinate spaces remains largely unexplored by international theorists, for two main reasons. First, the fact that canonical international theory remains largely predicated upon an assumption of international anarchy which is construed as a timeless feature of international politics.⁴ This

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assumption implies a representation of the state ahistorically.⁵ Furthermore, it construes the global South as a largely passive and peripheral actor in world history. Second, because of a continuing Eurocentrism that conceptualizes the “West” as a privileged historical actor by taking for granted that Western norms travel outbound rather than being the product of interactions with “non-Western” polities.⁶ Socialization, when it is theorized in international theory, is typically conceived as the socialization of the non-West into an already constituted European society of states.⁷ What these two perspectives imply is a lack of appreciation within international theory of how historical patterns of hierarchical international relations have resulted in a set of what some have called a colonial archive that has left significant imprints upon the historical trajectory of Western state-formation.⁸

Taking the above into consideration, this article explores the conjunction between changes in American hegemony over the course of the 1970s and the subsequent neoliberalization of the United States in the early 1980s. While the story of the emergence of neoliberalism has been told through many different angles, I argue that this “Reagan-Thatcher neoliberal counterrevolution” represents the normalization of a set of economic theories that were initially experimented within Chile during the mid- to late 1970s and later adapted within the United States and the United Kingdom.⁹ Beginning in the late 1960s with the American defeat in the Vietnam War, and later, the collapse of the Bretton Woods Agreement, the spike in oil prices and especially the economic crises of stagflation throughout the industrialized North, American political and economic supremacy was radically challenged. However, as Giovanni Arrighi has shown, this neoliberal counterrevolution was not simply a response to a particular economic crisis condition; it was more importantly a political reassertion of American global hegemony by the means of economic structural adjustment. Moreover, this project of restoring American supremacy abroad was fundamentally entwined with a domestic reassertion of governmental authority. As Greg Grandin succinctly puts it, “the restoration of American’s global military power and the restoration of laissez-faire capitalism were increasingly understood to be indistinguishable goals.”¹⁰ What connects the international dimension of crisis management and hegemonic reassertion with domestic neoliberalization is precisely the manner in which the operationalization of neoliberal reform was experimented with and innovated in various informal American laboratories. The Chilean laboratory in particular permitted, under authoritarian conditions, the radical transformation of the economy according to principles and theories laid out by the Chicago School of economics. This experience would then become perceived as the “tried-and-true” developmental model not only across the global South, but also, with varying degrees, across the North.

This article proceeds as follows. In the first section, I depart from G. John Ikenberry’s recent discussion on post-Second World War American liberal hegemony. While Ikenberry importantly draws our attention to the hierarchical components of this *après guerre* international order and its processes of norm diffusion, he crucially misses the profound crisis of American hegemony of the 1970s. In the second section, I turn to both Robert Brenner and Giovanni Arrighi to show, first, the importance of both intercapitalist competition (Brenner) and the collapse of American international political legitimacy in the wake of the Vietnam War (Arrighi) to account for the erosion of American control over the global South. Finally, in the third section, I turn to the specific case of Chile and show how it becomes an important laboratory setting for the experimentation and development of neoliberalism. This sociopolitical/economic innovation proved to imbricate both a project of reasserting American hegemony abroad and governmental authority at home.

American Global Hegemony: From the Second World War to the Crisis of the 1970s

In his recent book entitled *Liberal Leviathan: The Origins, Crisis, and the Transformation of the American World Order*, G. John Ikenberry reevaluates the post-Second World War international architecture as hierarchical.¹¹ Although he refers to “American domination” in some of its forms “as crudely imperial . . . ” the thrust of his book is meant to show that the post-second world war

environment marked a critical break from this colonial past. Post 1945, the United States established an international order that he characterizes as liberal hegemonic.¹² That is to say, rather than being another form of imperial domination, which as he understands it, implies a relation of hierarchy between core states and peripheral dependencies, in which the former compels through the use of force the compliance of the latter, the United States established a consent-driven international order that was rooted in the ideals of Western liberalism.¹³ What he characterizes as liberal hegemony is a form of “rule and regime-based order created by a leading state. Like empire, it is a form of hierarchical order—but, in contrast, it is fused with liberal characteristics.”¹⁴ The merit of turning to Ikenberry’s text is that it rightly problematizes the canonical image of international relations theory and its theoretical assumptions about the relation between anarchy and international order. Ikenberry argues that anarchy as such cannot explain the historical evolution of international orders and the way states interact in such a way that constitutes and preserves a social milieu. As realists see it, international order emanates from periods of geopolitical equilibrium, in which balancing coalitions among various states preclude the possibility of a hegemon from emerging. But such balancing does not and cannot explain the “American led liberal international-order.”¹⁵ Hierarchy, as Ikenberry argues, is a much more prevalent condition in defining the contours and architecture of international orders than political realism suggests.¹⁶

The theoretical core of Ikenberry’s text is that international order revolves around three different logics: balance, command, and consent. Balance is the central feature of a realist understanding of international order; command characterizes the condition of imperial governance; and consent, what Ikenberry takes to be the prevalent feature of American liberal hegemonic order, refers to “shared interests and the rule of law” that constitutes its historical novelty.¹⁷ Of course, such “logics” are not mutually exclusive in practice; a consent-driven hegemonic order also relies upon instances of coercive power to assure its maintenance. As Ikenberry importantly admits, liberal hegemonic powers sometimes need “to discipline and coerce weaker states, particularly in Latin America and the Middle East.”¹⁸ It also relies on balancing, as the United States did in the context of the Cold War. Nonetheless, this liberal hegemonic order actualizes three important institutional features. The first is that “the leading state sponsors and operates within a system of negotiated rules and institutions.”¹⁹ Such an order circumscribes the potential for the arbitrary use of power by the leading state by “sponsor[ing] rules and institutions and acts in accordance with them.”²⁰ Second, the hegemonic state provides a set of public goods for the international system. Ikenberry follows the literature of hegemonic stability theory, which sees in hegemonic ordering a net benefit from economic and political stability. Third, a liberal hegemonic order allows for the establishment of “channels and networks for reciprocal communication and influence.”²¹ Whether in the form of direct lobbying or multilateral institutions, weaker powers have the ability to communicate their preferences and influence the decision making of the hegemonic power. These three features mark the constitution of a liberal hegemonic order that, Ikenberry asserts, fundamentally distinguishes it from past imperial orders.

What characterizes this American liberal hegemonic order in practice is the progressive development of various international institutions put in place to guarantee political and economic stability in the Western world. At the political level, we have the emergence of the North Atlantic Treaty Organization and its security agreements to counteract Soviet influence in Europe. The United Nations was organized in 1947 as an international forum for states to negotiate and adjudicate their conflicts. We have, in other words, a set of rules and conventions that constitute and regulate international relations in such a way that benefits American foreign policy. Economically, Ikenberry argues, the contours of American liberal hegemony draws from the internationalization of American New Deal initiatives. As Ikenberry writes,

Progressive notions of New Deal liberalism became part of America’s postwar vision. The industrial democracies would provide a new level of social support—a safety net—under the societies of the

Atlantic world. If the citizens of these countries were to live in a more open world economy, their governments would take steps to stabilize and protect market society through the welfare state—through employment insurance, retirement support, and other social protections. In this way, architects of the postwar system sought to build domestic support and construct an encompassing political coalition within countries around the new international order. National security and social security were now closely linked.²²

Part of linking national security and social security was the construction of an international economic system that would regulate international finance and trade between Western states. American policy makers, Ikenberry argues, were cognizant of the relationship between economic insecurity and crises and the potential for violence. Such an international economic structure was put in place when the memories of the great depression were still fresh and faith in unregulated markets was virtually nonexistent. The Bretton Woods system of currency exchange, which created the International Monetary Fund (IMF) and other international institutions, established the dollar as the main currency of reference by fixing its convertibility in gold. The premise of this financial system was to stabilize the international monetary order while “establish[ing] new techniques of international economic management that gave governments the ability to reconcile movements of trade and capital with policies that promoted stable and full-employment economies.”²³ In other words, Ikenberry presents an image of American liberal hegemony as a reflection of its own domestic social arrangements of circumscribed power through institutions, a focus on securing open markets, a vision of progressive human rights, and the maintenance of law and order derived from the consent of the governed.

To be sure, this liberal hegemonic order that Ikenberry theorizes reflects a set of problematic formulations that derive from its Western-centric liberal assumptions. Ikenberry is clear that the origins of this American order initially pertains to Western liberal democracies and progressively expands outward, especially with the end of the Cold War.²⁴ State and societal modernization is a key part of this liberal vision, with its emphasis on science, technology, learning, and adaptation.²⁵ In other words, there is a developmental logic at work in Ikenberry’s text—one that is accepted without question—a traditional Western/Eurocentric bias toward what he perceives to be the universality of liberal values: open markets, human rights, democratic governance, free consent toward the international rules established in and by the West, and so on. The process of expansion of this order remains the socialization (i.e., through the acceptance of norms and domestic institutes promoting individual human, political and civil rights) of other nation-states within this particular American order, which American progressive liberalism clearly embodies and inculcates in various international institutions.

Ikenberry’s vision of this American liberal hegemonic international order, its evolution, and transformation affects how he understands its current crisis. For Ikenberry, this current crisis involves questioning “the merits of living in a world dominated by unipolar America.”²⁶ However, what this crisis shows is not anything intrinsic in the liberal tradition as he understands it, or its universal validity that he takes for granted. This crisis certainly does not reflect changes in American sociopolitical organization over the last few decades. Rather, it emanates from the central geopolitical shift of the end of the Cold War with the emergence of American unipolarity. For Ikenberry, the crisis at the heart of today’s international order is a “crisis of authority within the old hegemonic organization of liberal order, not a crisis in the deep principles of the order itself. It is a crisis of governance.”²⁷ This crisis of authority or governance within the international order stems from multiple sources: changes in the norm of sovereignty, new sorts of threats, and the rise of illiberal powers such as Russia and China. But Ikenberry’s main focus is on the decision making of the Bush administration and the choices it made in reconceptualizing a more militant role for American power (i.e., the Bush doctrine). Bush’s obvious imperial posture redefined the unique role of American

leadership away from the post–second world war liberal order making it more proactive and reflecting what Ikenberry calls a “conservative nationalist” vision of global order.²⁸ In brief, he does not consider any of the structural features of liberal hegemony as consequential for understanding the contemporary political–economic crises.

But is this the only hegemonic crisis that occurred during the six decades comprising American liberal hegemony till the present? Ikenberry draws a straight line from 1945 to the present. Conspicuously absent from Ikenberry’s analysis is the subject of the Vietnam War and the implications that it had for American hegemony internationally and domestically. We should also recall that it was in the early 1970s that the international economic and financial system fell into a deep crisis and ushered in a series of important international structural changes that impacted domestic economic practices as well: this was when the Nixon administration took the United States off the gold standard and allowed for a flexible currency trading regime which led to the liberalization of financial capitalism beginning in the early 1980s. The demise of the Bretton Woods system and the larger transition from embedded liberalism to what is now commonly referred to as neoliberalism does not fit into Ikenberry’s larger argument about what constitutes the crisis and transformation of world order.²⁹ In other words, Ikenberry’s glossing over the deep-seated economic crises of the 1970s is part and parcel of a framework that sees American hegemony acting in a “more or less” positive manner within its ever-growing orbit of client states.³⁰ Ikenberry never questions the virtues of American capitalism and its expansion. Ikenberry never asks why the Bretton Woods agreement failed, or why the New Deal domestic framework or embedded liberalism—the underpinnings of American liberal hegemony in the postwar period—dramatically changed in such a way as to ultimately undermine institutional frameworks of global capitalism. Put differently, what Ikenberry sees as a contemporary political and economic crisis of American hegemony is anything but novel; the roots of this contemporary crisis can be traced back to a set of structural changes in the 1970s and 1980s. These structural changes occurred in tandem within the United States and throughout the global South as a way of reasserting American hegemony internationally and domestically.

The Global Turbulence of the 1970s: The Crisis of American Hegemony

The most significant crisis of American hegemony in the aftermath of the Second World War occurred during the 1970s. This largely appeared to be an economic crisis where the economic growth rates in the United States slowed dramatically compared to the 1950s and 1960s. A crucial question for political economists is why did this happen? Robert Brenner’s work in *The Boom and Bubble: The US and the World Economy* and later in his *The Economics of Global Turbulence* attempts such an explanation. Brenner focuses on explaining the dramatic change in economic growth in the post–world economy to the stagnation of the 1970s. Brenner argues that the economic crisis of the 1970s was rooted in the very conditions of economic expansion of the 1950s and 1960s. That is to say, Brenner’s analysis focuses on the rise of Germany and Japan in the postwar world and their ability to use new productive technologies along with cheap rural labor to establish a condition of high profitability. The rise of Germany and Japan did not, at first, affect American economic hegemony. As Brenner writes,

US multinational corporations and international banks, aiming to expand overseas, needed profitable outlets for their foreign direct investment. Domestically based manufacturers, needing to increase exports, required fast-growing overseas demand for their good. An imperial US state, bent on ‘containing communism’ and keeping the world safe for free enterprise, sought economic success for its allies and competitors as the foundation for the political consolidation of the post-war capitalist order . . . All these forces thus depended upon the economic dynamism of Europe and Japan for the realization of their own goals.³¹

Ikenberry would undoubtedly agree with this assessment that American hegemonic interests were tied to the success of Germany and Japan in rapidly re-industrializing.³² What Ikenberry misses is that an inevitable by-product of smoothing out the “uneven development” within the industrial North was that certain nation-states became over time economically more competitive than the United States. Because of this ability to compete against American products and their significant increases in productivity, both Germany and Japan were able to export more cheaply their products across the world, thereby undermining US manufacturing market shares. “[M]anufacturers,” Brenner writes, “were thus able to combine relatively advanced techniques and relatively low wages to sharply reduce relative costs vis-a-vis those required to produce the same goods in the earlier-developing US.”³³ Increasing competitive pressures by newly industrialized countries resulted in the “aggregate rate of profit in the international manufacturing sector” declining sharply.³⁴ This expressed itself in a transformation of US trade and current account surpluses to deficits, weakening the value of the US currency. At the same time, the inflexible currency regime of Bretton Woods was premised on pegging the dollar to a standard price of gold which accentuated these balance of payment imbalances. As a result of an increase in demand for marks and yen, inflationary pressures set in domestically in the United States further weakening the prospects for economic growth.

Brenner’s argument is that the economic crisis of the 1970s reflected a “decline in the manufacturing rate of profit across the advanced capitalist economies” as a result of “over-capacity and over-production.”³⁵ American firms were placed in a position in which they could not increase prices in order to keep up with increasing domestic labor costs. Moreover, their profitability was being undermined because of the higher productivity of their competitors in Germany and Japan. Brenner acknowledges that this international situation provoked an American domestic political crisis that the Johnson administration initially attempted to address through fiscal and monetary austerity. However, this policy did not halt declining economic growth. As Brenner explains, the Nixon administration realized that the “political costs of sustaining a serious anti-inflationary policy proved unacceptable Well before the defeat of the Republicans in the congressional elections of November 1970, and as high interest rates threatened to choke off the recovery, the government turned once again to fiscal stimulus and the Fed accompanied a policy of easy credit. As Nixon was to put it several months later, ‘We are all Keynesians now.’”³⁶ The devaluation of the dollar was, as Brenner shows, a way of shifting the burden of declining profits more evenly across the industrialized world (i.e., negating the inherent benefits for German and Japanese exporters). However, this proved not to be the panacea that state administrators sought in order to reestablish American domestic manufacturing profitability. On the contrary, as Brenner writes, “By the end of the 1970s, the manufacturing sector on an international scale was at an impasse, as was the Keynesian programme of demand management that had been implemented to revitalize the world economy.”³⁷ System-wide manufacturing profitability could not be rescued on the basis of fiscal and monetary policies: the continuation of such policies only furthered a run on the dollar provoking a threat to the “dollar’s position as an international reserve currency.”³⁸ The result was what Brenner calls the “shift to Reaganism/Thatcherism” which reversed fiscal and monetary stimulus in order to “dampen the growth of wages, as well as by directly redistributing income to capital through reduced taxes on corporations and diminished spending on social services.”³⁹ The emergent neoliberalization of economic activity, through the deregulation and liberalization of finance and other business sectors, “aimed . . . at bringing about a revitalization of, and thereby a shift into, domestic and international financial sectors . . . by means of suppressing inflation”⁴⁰ Brenner sees the transformation of the world and domestic (US) economy as fundamentally tied to the crisis of systemic-wide manufacturing profitability. Neoliberalization was thus meant to address this economic crisis at the very center of American economic hegemony.

Giovanni Arrighi contests Brenner’s explanation of the worldwide economic crisis of profitability as the main factor in explaining the subsequent long stagnation of the 1970s and the emergence of

the neoliberal alternative. To be sure, Brenner's work is helpful in showing that intracapitalist competition provoked an important crisis that had substantial reverberations for embedded liberalism within the industrialized North. In contrast to Ikenberry's narrative, Brenner sees the economic tribulations of the 1970s as reflecting internal contradictions in the very financial and economic capitalist architecture that otherwise appears unproblematic within the wider literature on American liberal hegemony. Brenner does not, as Arrighi argues, convincingly explain the set of international geopolitical and domestic conditions that influenced policy choices leading to the Reagan/Thatcher monetarist counter revolution.⁴¹ What Brenner misses is that the crisis of profitability located in the first world industrialized North was fundamentally refracted by a crisis of American liberal hegemony beginning in the late 1960s:

The crisis of profitability that marked the transition from the long boom to the long downturn, as well as the great stagflation of the 1970 s, were themselves deeply affected by the parallel crisis of American hegemony which ensued from the Vietnam War and the eventual American defeat. As for the Reagan-Thatcher counterrevolution, it was not just, or even primarily, a response to the unsolved crisis of profitability but also—and especially—a response to the deepening crisis of hegemony.⁴²

Brenner, Arrighi argues, misses the “broader political context” underlying this crisis in American liberal hegemony precisely because his analysis is primarily focused on intercapitalist competitive pressures (i.e., between the United States, Germany, and Japan) and not on how the United States was concerned with maintaining its hegemonic position throughout the global South.⁴³ By contrast, Arrighi shows that the changes in US balance of payments (and the corresponding fluctuations in US currency prices that would lead to enormous fluctuations in international and domestic fiscal and monetary policies) were fundamentally part an ongoing geopolitical project during the 1960s: “the US government sought to contain, through the use of force, the joint challenge of nationalism and communism in the Third World.”⁴⁴ And, as Arrighi shows, the changes in politicoeconomic policies beginning with Reagan and Thatcher “came from the unresolved crises of US hegemony in the Third World rather than in the crisis of profitability as such.”⁴⁵

The Vietnam War was the main event of this larger US project to dominate the global periphery either through direct military means or the use of proxies. However, the catastrophic engagement in Vietnam proved to have not only enormous economic implications—the increase in defense expenditures resulted in growing budget deficits at the same time that the Johnson Administration was busy funding the Great Society initiative—but also resulted in a fundamental crisis of legitimacy. Internationally, “the joint military and legitimacy crises of the US world power were the expression of the failure of the US military-industrial complex to cope with the problems posed by world-wide decolonization.”⁴⁶ Whereas Ikenberry takes for granted that American liberal hegemony “provides a basis for weaker and secondary states to make decisions to willingly join and comply with the rules and institutions of this order,” the reality was far more complex and conflictual. Newly decolonized states were subject to intense American pressure to satisfy its growing economic and political needs throughout the Cold War.⁴⁷ Re-industrialization in many northern states, along with ever-increasing military demands to keep up with the arms race with the Soviet Union by the United States, was predicated upon the consistent ability to extract primary materials from the global South. What emerged over the course of the 1950s and 1960s was a set of “highly effective and efficient organizational links between Third World primary inputs and First World purchasing power” and resulted in “powerful vested interest[s] . . . in preserving maximum present and future flexibility in the use of Third World resources for the benefit of First world states.”⁴⁸ There was a tension between the demands of continuous capital accumulation by the industrialized North (in the global South) and the progressive demand for the “exercise of full sovereignty” by newly decolonized states. When it became clear that the liberal hegemon could not directly subjugate Vietnam into

“complying,” as Ikenberry would argue, with its demands, “the US government temporarily lost most, if not all of its credibility as the policeman of the free world.”⁴⁹ The loss of American credibility suffered as a result of its defeat in Vietnam resulted in what Arrighi characterizes as a “power vacuum” that was accentuated throughout the 1970s. Events such as the rise of [Organization of the Petroleum Exporting Countries] OPEC, the oils crises, the Yom Kippur war and the fall of the Shah in 1979, all happened concurrently with “the escalation of inter-capitalist competition”, as Brenner has shown, and resulted in a profound economic crisis throughout the North.⁵⁰ This political–economic crisis perpetuated the impression among political leaders and public opinion across the world that the United States was incapable of addressing this systemic crisis.

All told the conjunction between an international political crisis derived from the Vietnam War and the crisis in profitability produced (though aided by extremely lax US monetary policy) the inflationary uptick in the early 1970s and the collapse of the system of fixed exchange rates. “In short,” Arrighi writes, “the interaction between the crisis of profitability and the crisis of hegemony, in combination with the US inflationary strategy of crisis management, resulted in a ten-year increase in world monetary disorder, escalating inflation and steady deterioration in the capacity of the US dollar to function as the world’s means of payment.”⁵¹ This finally paved the way for the dramatic shifts in the set of international and domestic policies designed to reassert American hegemony. The monetarist counterrevolution embodied in tight monetary and fiscal policies was designed to reassert faith in the US dollar as the international reserve currency. But what the increase in real interest rates accomplished in a spectacular fashion was the direct reassertion of US control over Third World countries that heavily borrowed US dollars in the open market at a time when there was a massive supply of petrodollars being recycled through Western banks. Such countries faced ruinous repayment rates that necessitated international organizations such as the IMF and World Bank provide them with structural adjustment programs. Significantly, such structural adjustment programs gave primacy to Western corporate interests through deregulation and the ability to repatriate US dollar assets back home. Direct changes in US monetary policy resulted in a series of debt crises, that as David Harvey argues, were in fact “orchestrated, managed and controlled both to rationalize the system and to redistribute assets during the 1980s and 1990s.”⁵² These debt crises were part of a way of reasserting American hegemony throughout the global South in such a way that was inconceivable merely through military means.

The American-led liberal order, and its reassertion of hegemony in the 1980s, was in fact predicated upon the very need “to discipline and coerce weaker states, particularly in Latin America and the Middle East”—as Ikenberry writes—through political and economic means. The debt crises of the 1980s were part of this capacity to discipline. However, these crises, characterized as well by the explosive development of financial securitization and the proliferation of asset bubbles, represents what Arrighi calls a “signal crisis” of the “dominant regime of accumulation” of the American post–second world war order.⁵³ A signal crisis signifies a “deeper underlying systemic crisis” when leading capitalist entities begin switching their economic activities away from production and trade to “financial intermediation and speculation.”⁵⁴ This initial move from investment in material production to the fictitious world of financial speculation and engineering initially forestalls and enhances the capacity for wealth generation for a certain class. Nonetheless, it cannot embody a lasting resolution of the underlying contradictions. “On the contrary,” as Arrighi writes, “it has always been the preamble to a deepening of the crisis and to the eventual supersession of the still dominant regime of accumulation by a new one.”⁵⁵ What Arrighi calls the “terminal crisis” is then the “end of the long century that encompasses the rise, full expansion, and demise of that regime”—what is potentially occurring today.⁵⁶ The signal crisis of American political and economic hegemony provoked a set of policies to enhance capital accumulations beneficial to American business and state to the detriment of the global South. What Ikenberry sees as American behavior being “crudely imperial” in certain contexts was in fact the way of maintaining and reinvigorating international forms of

capital accumulation for the benefit of American hegemony and its allies. As I will show in the last section of this chapter, this manifestly neo-imperial economic order was not only meant to be applicable throughout the global South; the Reagan-Thatcher counter revolution was also an internal revolution that adapted some of the experiences and practices developed in the global periphery to reinforce American hegemony at home and abroad.

Neoliberalization in the Americas Brought Home: The Chilean Experiment

As I argued above, American liberal hegemony entered a profound crisis in the 1970s as a result of intracapitalist competition and the consequences of the American defeat in the Vietnam War. Both of these factors are missing in Ikenberry's narrative of American international hegemony, which only focuses on certain aspects of what Arrighi calls America's terminal crisis. What is missing in Ikenberry's work is any sense of the reassertion of American hegemony beginning in the 1970s that culminated in the Reagan/Thatcher monetarist counterrevolution. In Ikenberry's framework, as mentioned above, the New Deal era was internationalized in the aftermath of the Second World War as a way of mitigating the worst excesses of unregulated capitalism to promote social and economic welfare. Liberal hierarchy here works, as I argued above, unidirectionally from American embedded liberalism and its progressive instantiation in various international organizations and through the socialization of states into this American-led international order.

What remains unexplored are the reverse impacts: how patterns of international hegemony create the conditions for domestic institutional change. What were the domestic consequences for the reassertion of American hegemony in the mid- to late 1970s for American domestic institutions? How, in other words, did the political-economic discourse go from the Nixonian "We are all Keynesians" to a decade later the famous Thatcherite mantra "There is no alternative" (TINA, i.e., There Is No Alternative to the radical implementation of monetarist policies and the contraction of the state)? Indeed, at a party conference in 1980, Thatcher explicitly calls for discipline and fortitude in the face of a grave economic/inflationary crisis. At the same time, she insists that her policies are to be considered "normal, sound, and honest."⁵⁷ In other words, Thatcher promotes the inevitability and naturalness of her program at the same time as she stresses the urgency of its adoption.

The depoliticized and inevitable necessity for the neoliberalization of the United States and the United Kingdom is part of what Pierre Bourdieu and Loic Wacquant have shown to be the manifestation of a vulgate borne out "of a new type of imperialism". As they further add,

[This vulgate's] effects are all the more powerful and pernicious in that it is promoted not only by the partisans of the neoliberal revolution who, under cover of 'modernization', intend to remake the world by sweeping away the social and economic conquests of a century of social struggles, henceforth depicted as so many archaisms and obstacles to the emergent new order, but also by cultural producers (researchers, writers and artists) and left-wing activists, the vast majority of whom still think of themselves as progressives.⁵⁸

Bourdieu and Wacquant point to how the "cultural imperialism" of neoliberal discourse has seeped into the very vocabulary of economic governance, making it appear entirely natural and self-evident. As they observe, "the automatic effect of the international circulation of ideas, . . . tends, by its very logic, to conceal their original conditions of production and signification, the play of preliminary definitions and scholastic deductions replaces the contingency of denegated sociological necessities with the appearance of logical necessity and tends to mask the historical roots of a whole set of questions and notions . . ."⁵⁹ Indeed, the active concealment of the origin of these neoliberal ideas and how they came into practice, I claim, points to how much neoliberal discourse forgets its origins in the crucibles of Latin American neo-imperial experiments.⁶⁰ What I wish to show is how these

neoliberal ideas, as part of a larger project to reassert American hegemony, were in fact initially deployed in the experimental crucibles of South America before being legitimized and normalized for implementation in the United States.⁶¹

To see then the imbrications between the reassertion of American hegemony in the 1970s and the neoliberalization of the American domestic political economy, it is important to recall that the crisis of legitimacy provoked by America's war of attrition in Southeast Asia coincided with the emergence of novel social movements that challenged the social mores of American society. The civil rights movement, the feminist movement, the sexual revolution, and the student rebellions against the war effort revealed latent trends of racism, sexism, and other forms of social domination at the heart of American society. These movements, as Harvey notes, "challenged the traditional structure of networked class relations."⁶² Domestic emancipatory developments during the 1960s and 1970s proved to be part of, what Arrighi describes as, the "highly depressing experience for the bourgeoisie of the West" because it fundamentally called into question the authority of the state and the ruling classes throughout the capitalist world.⁶³ While the 1960s represented an enormous surge in democratic participation across the developed world, in the United States especially with the Voting Rights Act of 1965, Samuel Huntington would argue in 1976, such an expansion, along with an increase in governmental expenditure of social welfare, "produced a substantial . . . decrease in governmental authority."⁶⁴ This happened because democratic participation, for Huntington, increased ideological polarization, which in turn undermined governmental authority when the results of governmental action did not fulfill expectations. Indeed, the significant changes in fiscal, monetary, and social policies in the late 1970s were reflective of this perceived need to reassert domestic governmental authority. The Reagan administration then worked toward directly challenging the central collective compact between labor, management, and the state that the New Deal established in order to recreate a "good business environment" for continuous capital accumulation.⁶⁵ As David Harvey argues, unleashing financial power proved to be a convenient way to "discipline working-class movements," essentially reasserting a form of class power over a society riveted by social stratification and the loss of governmental authority.⁶⁶ But how was this process legitimized in the first place?

Understanding what Jaime Peck terms the neoliberalization of the state necessitates a detour through Chile during the 1970s.⁶⁷ The "crudely imperial" policies of the United States in Latin America during the 1970s proved to be a crucial feature of the neoliberalization of the United States itself. The experimental implementation of economic orthodoxy—the deregulation of state power, financialization, or the unrestrained practice of financial and trading markets, privatization and the destruction of forms of social solidarity such as trade unions—established Chile as the first large-scale neoliberal laboratory. Chile subsequently legitimized neoliberal discourse that would prove to be highly malleable in different contexts. "The Chilean case," as Juan Gabriel Valdés argues, "became a model, a unique phenomenon that did not stem from any historical experience. Rather, it originated directly from what the Chicago Boys termed "economic science": a science to be found mostly in their textbooks."⁶⁸ It is the implementation and experience of neoliberal revolution that proved crucial for its normalization as a valid or "tried and true" theory for subsequent implementation in the United States.

Under conditions of what later became known as shock treatment, Latin America during the 1970s proved to be the crucible for experimenting with the ideas put forward by the Chicago School of economic theory. In Latin America, economic regulatory mechanisms were radically and quickly transformed in favor of market-based solutions characteristic of neo-imperial reassertion.⁶⁹ The Chicago School of economic theory, embodied in the writings and teachings of Milton Friedman, who won the Nobel Prize in 1976, advocated the deregulation of markets and the contraction of the state as a way of promoting individual freedom and wealth.⁷⁰ Following Friedrich von Hayek, Friedman and other neoconservative proponents believed that markets in general possess an internal rationality

that nullifies the potential for state domination. The ideas emanating from the Chicago School of economics depoliticized economic questions by emphasizing how “markets” were able to address substantive political problems. Neoliberalization, Wendy Brown argues following Michel Foucault, takes for granted that “The political sphere, along with every other dimension of contemporary existence, is submitted to an economic rationality . . . [and that] all dimensions of human life are cast in terms of a market rationality.”⁷¹ Neoliberalization was then much more than simply the financialization of the international and domestic economies, as Arrighi argues, but the attempt at completely rewiring the political–economic form of American liberal hegemony.

The novelty of neoliberalization, as Peck argues, “denotes the repeated (necessity for) renewal and reinvention of a project that could never be fixed as a stable formula, and which has lurched through moments of innovation, overreach, correction, and crisis.”⁷² This political–economic project was first concretely experimented with in Chile during its own internal crises of the 1970s.⁷³ What was significant in this case was that the neoliberal experiment occurred in the aftermath of the American-influenced coup d’état by General Augusto Pinochet on September 11, 1973. The election of the leftist Salvador Allende in 1970 was deemed by the Nixon administration to be a grave threat to American strategic and corporate interests in the Western hemisphere. National security advisor Henry Kissinger argued at a meeting of the National Security Council [NSC] that Allende’s program “would pose some very serious threats to our interests and position in the hemisphere, and would affect developments and our relations to them elsewhere in the world.” Chile, Kissinger continued, could “become part of a Soviet/Socialist world, not only philosophically but in terms of power dynamics; and it might constitute a support base and entry point for expansion of Soviet and Cuban presence and activity in the region.”⁷⁴

In this Cold War geopolitical context, what Valdés calls the “ideological transfer” of Chicago School economic ideas through their progenitors, the Chicago Boys, was perceived transnationally by American and Chilean elites as a way of countering the legitimacy of socialist/Marxist ideas. The Chicago Boys—Chilean graduate students at the University of Chicago, whose studies were financed in part by the Ford Foundation and the State Department, and who would later become faculty members in various economics departments in Chile—embarked on the radical transformation of the Chilean economy.⁷⁵ As Mario Sznajder writes,

Chile had become a kind of socio-economic laboratory in which a neoliberal experiment was being carried out with scant political hinderance. In the second half of the 1970s, the military government gave priority to the economic experiment, relying on its success to legitimise the future political framework of limited democracy, which in turn would provide the required guarantee for the survival and defence of the neoliberal model.⁷⁶

This radical transformation was largely justified as a reaction against everything that Salvador Allende’s socialist economic program stood for. What was characterized as *La vía chilena al socialismo*, social spending to alleviate poverty, protection of domestic industries, a moratorium of foreign debt repayment, made the Nixon administration so fearful of its turn toward the Soviet Union.⁷⁷ For the purposes of “shocking” the economic system in order to push for dramatic changes that the Chicago boys would otherwise have been unable to accomplish, authoritarianism and economic reform occurred hand in hand. The result was that what were ostensibly political decisions, the determination of the contours of the socioeconomic order was not determined democratically, but rather by economic experts.⁷⁸ The authoritarianism of the Chilean coup was characterized by the arrest of over 13,000 people deemed “Marxist subversives”; grave abuses of human rights occurred over a prolonged period of time, including executions of political dissents.⁷⁹ Nonetheless, with the economy in a shambles in the aftermath of the coup, Chile was an ideal place for experimenting with ideas that had been gestating among the Chicago Boys and their teachers for many years.

First and foremost, these economists “radically altered the Chilean economic paradigm, bringing it into line not just with military self-interest in retaining control but also with the general tendencies of the world economy.”⁸⁰ “The goal [of the Chicago Boys attempt at reform],” as Valdés further adds, “was nothing less than the transformation of the state, of customs, and of culture” but especially, as Pinochet himself remarked, to engender a complete “change in mentality.”⁸¹ The explicit purpose of economic transformation was to tame the hyperinflation of the preceding years, but it proved to be an opportunity to implement “a radical economic liberalization program based on the indiscriminate use of market mechanisms, the dismantling and reduction of the state, deregulation of the financial sector, and a discourse that ascribed to market forces the ability to solve practically any problem in society.”⁸² As a result of the privatization of finance and the lowering of tariffs and taxation, Chile became, as one New York Times journalist characterized it, “a banker’s delight.” According to this journalist, the Chicago Boys economically and politically cemented Chile’s position in the US imperial orbit.⁸³

This transformation of the Chilean economy along Chicago School theories, for the purposes of aligning it, as Valdés argues, with the world economy captured the imagination of a whole host of academic economists, journalists, and policy makers in the United States and in various international organizations:

From the mid-1970s onward, the country enjoyed privileged treatment by the IMF and the commercial banks. Chile was doubtless the country most visited and commented upon by journalists from the international conservative press, as well as by a distinguished list of academics headed by the most prominent members of the Chicago School of Economics, including Milton Friedman himself. The reason for this interest is easy to comprehend: Chile had become the first and most famous example of applying the rules of economic orthodoxy to a developing country. Foreign trade was liberalized, prices were freed, state companies were privatized, the financial sector was deregulated, and state functions were drastically reduced.⁸⁴

A *Barron’s* editorial in 1980 quoted Arnold Harberger, a professor at the time at the University of Chicago who was perhaps even more influential than Milton Friedman with the Chicago Boys, as arguing that the Chilean reforms were “the most important reforms made in the underdeveloped world in recent history.” As the editorial further adds quoting an anonymous colleague of Harberger’s: “The economics textbooks say that’s the way the world should work, but where else do they practice it?”⁸⁵ Implied here is that the economic program of the Chicago Boys is suitable for implementation throughout the developing world as a way of generating economic growth and efficiency.⁸⁶ But there is also a certain implication for what needs to be done within the United States itself that was at the time faced with a growing crisis of stagflation. Of course, the obvious authoritarianism of the Pinochet government and its breaches of international human rights conventions was a significant source of contention and even opprobrium; Friedman himself would be tagged as complicit in legitimizing the Pinochet regime through his own trip to Chile in 1975 and his meeting with Pinochet. His awarding of the Nobel Prize in 1976 was accompanied with protests. But as Corey Robin has recently uncovered, in 1981 American academics including Friedman, Hayek, James M. Buchanan, and Arnold Harberger, along with their counterparts from many other countries, met in Viña del Mar under the auspices of the Mont Pelerin Society, to demonstrate the effectiveness of Chilean market reforms and the need to learn its lessons for the United States itself. The inherent authoritarian setting in Chile should not be seen as anything detrimental to the neoliberal project. On the contrary, as Robin cites Eric Brodin’s original commentary on the Viña del Mar conference, “what is politically possible in authoritarian Chile, may not be possible in a republic with a congress filled with “gypsy moths” for whom political expediency often takes precedence over economic realities, especially in an election year.”⁸⁷ Again, implied here is a certain perception that a reassertion of governmental authority within the United States is necessary to address domestic and international political-economic questions.

The Chilean example represented a success story for a reinvigorated conservative movement in the United States and the United Kingdom during the mid- to late 1970s. In 1981, Hayek himself would speak of Chile as “a great success” and predicted that “The world shall come to regard the recovery of Chile as one of the great economic miracles of our time.”⁸⁸ Chile became the decisive laboratory for the establishment, more generally, of a transnational post-Fordist economic order which emphasized flexibility, innovation, and creative destruction. This new order replaced the Bretton Woods currency framework by privileging the free flow of finance capital as a way of restructuring and disciplining various internal economies. The transformation of internal economic structures by finance capital was accompanied by a general sentiment that excessive popular democracy is detrimental to economic rights and liberties and that market rationality would best determine the distribution of wealth. The neoliberalization of Chile encapsulated the hopes and agenda of American’s conservatives to privatize a significant portion of the state to market forces, to deregulate financial services and lower taxation, and above all, to suppress the power of trade unions. However, this domestic project to promote economic freedom at home and abroad was fundamentally connected to the restoration of American hegemony.

The Reagan revolution in the United States largely rested on the dual program of domestic economic neoliberalization and a pseudo-Keynesian massive armaments buildup. “The effect of what seemed to be a confused economic policy was,” as Grandin argues, “in retrospect, a cohesive transformation of American society and diplomacy—the institutionalizing of a perpetual system of global austerity that rendered political liberalism, both domestic and international, not viable.”⁸⁹ Arrighi argues that tight monetary policies were designed to resurrect confidence in the United States and its currency. However, austerity had significant repercussions for American domestic industry and led to a significant dismantling of trade unionism, an overarching neoconservative political goal. The great recession of the early 1980s was at the same time an engineered shock treatment that was designed to roll back inflation to the detriment of state welfare, while accentuating class power. Taxation changes primarily favored wealthy classes and financial deregulation opened up finance capital for enormous speculative bubbles over the subsequent thirty years. The effect of this program of neoliberalization conjoined with the Reagan “roll-back” of Soviet influence depoliticized such economic “shock” transformations at home and abroad.

The neoliberalization of the state and society in the United States and the United Kingdom represents the normalization of previous shock treatments experimented first and foremost within the Chilean neo-imperial crucible. This normalization of radical economic theories through hegemonic international circuits such as the IMF, the World Bank, academics, journalists, various semiprivate think tanks in the West, gave rise to what Bourdieu and Wacquant have termed a neoliberal vulgate that legitimizes a depoliticized program for structural reform across not only the global South but also within the North as the only viable program to tackle the twin economic problems of growth and inflation. As opposed to Ikenberry who draws a straight line from 1945 to the present without so much as noting the significance of the crisis of American hegemony in the 1970s, these years proved pivotal for a reassertion of hegemony through domestic and international (i.e., throughout the global South) neoliberalization. This reassertion could not be accomplished by military means, as demonstrated in Vietnam; it had to come through the radical transformation of domestic socio-economic configurations that would privilege specific classes that would realign the South within America’s neo-imperial orbit. But what also needs to be recognized is that this global American hegemonic reassertion was intimately tied to domestic (counterrevolutionary) changes beginning in the 1980s. This conjunction between the international and the domestic is more clearly seen in how ideas, norms, and practices are experimented with in certain spaces, travel across international hierarchical circuits, and return as normalized and legitimized.

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Notes

1. Eduardo Galeano quoted in Lawrence Weschler, *A Miracle, a Universe: Settling Accounts with Torturers* (Chicago, IL: University of Chicago Press, 1998), 147.
2. David A. Lake, *Hierarchy in International Relations* (Ithaca, NY: Cornell University Press, 2009); Alexander Cooley, *Logics of Hierarchy: The Organization of Empires, States and Military Occupations* (Ithaca, NY: Cornell University Press, 2005); Alexander Wendt and Daniel Friedheim, "Hierarchy under Anarchy: Informal Empire and the East German State," *International Organization* 49, no. 4 (1995); Nicholas Onuf and Frank F. Klink, "Anarchy, Authority, Rule," *International Studies Quarterly* 33, no. 2 (1989).
3. Ann Laura Stoler and Frederick Cooper, "Between Metropole and Colony: Rethinking a Research Agenda," in *Tensions of Empire: Colonial Cultures in a Bourgeois World*, ed. Frederick Cooper and Ann Laura Stoler (Berkeley: University of California Press, 1997); Ann Laura Stoler, *Race and the Education of Desire: Foucault's History of Sexuality and the Colonial Order of Things* (Durham: Duke University Press, 1995); Daniel R. Headrick, *The Tools of Empire: Technology and European Imperialism in the Nineteenth Century* (Oxford: Oxford University Press, 1981); Roy Macleod, "Passages in Imperial Science: From Empire to Commonwealth," *Journal of World History* 4, no. 1 (1993); Helen Tilley, *Africa as a Living Laboratory: Empire, Development, and the Problem of Scientific Knowledge, 1870-1950* (Chicago, IL: University of Chicago Press, 2011); Michael Lapp, "The Rise and Fall of Puerto Rico as a Social Laboratory, 1945-1965," *Social Science History* 19, no. 2 (1995).
4. Kenneth N. Waltz, *Theory of International Politics* (Reading, MA: Addison-Wesley, 1979).
5. R. B. J. Walker, *Inside/Outside: International Relations as Political Theory* (Cambridge: Cambridge University Press, 1993); Andreas Osiander, *Before the State: Systemic Political Change in the West from the Greeks to the French Revolution* (Oxford: Oxford University Press, 2007); John M. Hobson, "What's at Stake in 'Bringing Historical Sociology Back into International Relations'? Transcending 'Chronofetishism' and 'Tempocentrism' in International Relations," in *Historical Sociology of International Relations*, ed. Stephen Hobden and John M. Hobson (Cambridge: Cambridge University Press, 2002).
6. This is particularly the case with many English School approaches and the emphasis on international society. Barry Buzan, for example, explicitly conflates past imperial socialization with the present constitution of international society: "international society has to provide the layers of governance that weak states cannot yet provide for themselves. In a sense, it has to take over from imperialism as the next phase of the transition to modernism (and its derivatives and successors) that all parts of the world except the West still have to go through not necessarily in the same stages, but somehow having to get to a similar end result, compatible with their cultures." Barry Buzan, "The English School: An Underexploited Resource in IR," *Review of International Studies* 27, no. 3 (2001): 482; See also Adam Watson, *The Evolution of International Society: A Comparative Historical Analysis* (New York: Routledge, 2009); Hedley Bull, *The Anarchical Society: A Study of Order in World Politics* (New York: Columbia University Press, 1977); For a significant corrective to this form of Eurocentrism, see John M. Hobson, *The Eastern Origins of Western Civilisation* (Cambridge: Cambridge University Press, 2004).
7. As Turan Kayaoglu argues, "Western States produce norms, Principles, and Institutions of International Society and non-Western states lack these until they are Socialized into the Norms, Principles, and Institutions of International Society. In this Perspective, International Society is a Normative Hierarchy Assumed to Reflect the Natural Division of Labor in International Relations." Turan Kayaoglu, "Westphalian Eurocentrism in International Relations Theory," *International Studies Review* 12, no. 2 (2010): 194; See also Naem Inayatullah and David L. Blaney, *International Relations and the Problem of Difference*,

- Global Horizons (New York: Routledge, 2004); John M. Hobson, *The Eurocentric Conception of World Politics: Western International Theory, 1760–2010* (Cambridge: Cambridge University Press, 2012); Ann E. Towns, *Women and States: Norms and Hierarchies in International Society* (Cambridge: Cambridge University Press, 2010), Chap. 1.
8. For a notion of the colonial archive, see for example, Sebastian Conrad, *German Colonialism: A Short History* (Cambridge: Cambridge University Press, 2012), 162; Robert Gerwarth and Stephan Malinowski define it a “to be understood as common knowledge on the treatment, exploitation, and extermination of “sub-humans” accumulated by the western powers over the course of colonial history.” Robert Gerwarth and Stephan Malinowski, “Hannah Arendt’s Ghosts: Reflections on the Disputable Path from Windhoek to Auschwitz,” *Central European History* 42, no. 2 (2009): 287.
 9. Giovanni Arrighi, “The Social and Political Economy of Global Turbulence,” *New Left Review* 20, no. Mar Apr (2003): 41; For important discussion of the genesis of neoliberalism in the United States and Europe, see Mark Blyth, *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century* (Cambridge: Cambridge University Press, 2002); David Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2005); Monica Prasad, *The Politics of Free Markets: The Rise of Neoliberal Economic Policies in Britain, France, Germany, and the United States* (Chicago: University of Chicago Press, 2006); Greta R. Krippner, *Capitalizing on Crisis: The Political Origins of the Rise of Finance* (Cambridge: Harvard University Press, 2011).
 10. Grandin, *Empire’s Workshop: Latin America, the United States, and the Rise of the New Imperialism*, 181.
 11. G. John Ikenberry, *Liberal Leviathan: The Origins, Crisis, and the Transformation of the American World Order* (Princeton: Princeton University Press, 2011).
 12. *Ibid.*, 66.
 13. For Ikenberry, liberalism, more generally, represents a multifaceted tradition of political–economic thought. Following Michael Doyle, the “liberal vision of order” derives its intellectual influences from three different sources: from Adam Smith and the propagation of economic interdependence; from Immanuel Kant and democratic peace; and from Republicanism and notions of rights and rules that forms the basis of international law and institutions. Fundamental to Ikenberry’s understanding of liberalism thus remains notion of “reciprocity and the rule of law.” *Ibid.*, 63.
 14. *Ibid.*, 70.
 15. *Ibid.*, 54; As Ikenberry writes, “The balance of power is actually not as pervasive across historical eras and regional systems as the neorealist logic suggests.”
 16. Or as Ikenberry puts it, hierarchy is “a basic and enduring feature of world politics.” *Ibid.*, 61.
 17. *Ibid.*
 18. *Ibid.*, 60; my emphasis.
 19. *Ibid.*, 71.
 20. *Ibid.*, 71–72.
 21. *Ibid.*, 72.
 22. *Ibid.*, 175.
 23. *Ibid.*, 177.
 24. *Ibid.*, 161.
 25. *Ibid.*, 64; Or as he writes, “Liberal theories have shared the view that trade and exchange have a modernizing and civilizing effect on states, undercutting illiberal tendencies and strengthening the fabric of international community.” 63.
 26. *Ibid.*, 4.
 27. *Ibid.*, 6; emphasis in the original.
 28. *Ibid.*, 265.
 29. Further in the text, Ikenberry does allude to the current economic crisis and the transition to neoliberalism that occurred in the 1980s: “The social bargain that was built into the foundation of liberal

hegemonic arrangements has given way to a more freewheeling, neoliberal world market system. Under these more recent conditions, liberal order—or at least the market features seem to undercut rather than support the state’s ability to make good on its domestic social and political responsibilities.” Ibid., 287. But Ikenberry gives the impression that this “neoliberal world market system” appears out of thin air.

30. A striking feature of Ikenberry’s text is the persistent use of the term more or less, which I count twenty-two times, to describes the ways in which American hegemony operates. For example, “Liberal hierarchy is international order in which the dominant state builds and operates within more or less agreed upon rule and institutions.” Ibid., 76. Ikenberry never really defines what he means by “more or less” in his persistent use of the term.
31. Robert Brenner, *The Boom and the Bubble: The US in the World Economy* (New York: Verso, 2003), 14–15; Also quoted in Arrighi, “The Social and Political Economy of Global Turbulence,” 9.
32. As Brenner writes, “Because US economic success turned out to be so tightly linked to the success of its rivals and allies, post-war international economic development within the advanced capitalist world could, for a brief time, manifest a relatively high degree of international cooperation—marked by high levels of US aid to and politico-economic support for allies and competitors—even though dominated by the US state and mainly shaped by US interests.” Brenner, *The Boom and the Bubble: The US in the World Economy*, 15.
33. Ibid., 16.
34. Ibid., 17.
35. Ibid., 18.
36. Robert Brenner, *The Economics of Global Turbulence: The Advanced Capitalist Economies from Long Boom to Long Downturn, 1945-2005* (New York: Verso, 2006), 126–27.
37. Brenner, *The Boom and the Bubble: The US in the World Economy*, 34.
38. Ibid.
39. Ibid., 35.
40. Ibid.
41. As Arrighi writes, “Brenner’s account of the sequence of events that led to the monetarist revolution . . . is the weakest link in his story of the long downturn . . . [H]e does not tell us how and why US policies ‘designed to restore US manufacturing competitiveness’ resulted instead in record-breaking trade deficits despite a simultaneous escalation in protectionist measures.” As Arrighi argues, Brenner’s explanations, however, “miss the most fundamental causes of the devastating run on the dollar of 1979-80.” Giovanni Arrighi, *Adam Smith in Beijing: Lineages of the Twenty-First Century* (New York: Verso, 2008), 108 n. 22.
42. Ibid., 133; my emphasis.
43. Ibid.
44. Ibid., 134.
45. Ibid., 136.
46. Giovanni Arrighi, *The Long-twentieth Century: Money, Power and the Origins of Our Times* (New York: Verso, 2010 [1994]), 331.
47. Ikenberry, *Liberal Leviathan: The Origins, Crisis, and the Transformation of the American World Order*, 71; my emphasis. Of course, what Ikenberry has in mind are Western liberal democratic states as opposed to recently decolonized states.
48. Arrighi, *The Long-twentieth Century: Money, Power and the Origins of Our Times*, 332; For a pre-World War II look at American corporate actions in Latin America in the service of American informal empire, see Jason M. Colby, *The Business of Empire: United Fruit, Race, and US Expansion in Central America* (Ithaca, NY: Cornell University Press, 2011).
49. Arrighi, *The Long-twentieth Century: Money, Power and the Origins of Our Times*, 332.
50. Ibid., 333; Or as Arrighi further puts it, “The decline of US power and prestige reached its nadir in the late 1970s with the Iranian Revolution, a new hike in oil prices, the Soviet invasion of Afghanistan, and

- another serious crisis of confidence in the US dollar.” Arrighi, *Adam Smith in Beijing: Lineages of the Twenty-first Century*, 135.
51. *Ibid.*, 159.
 52. David Harvey, *Spaces of Global Capitalism: Towards a Theory of Uneven Geographical Development* (New York: Verso, 2006), 47.
 53. Arrighi, *The Long-twentieth Century: Money, Power and the Origins of Our Times*, 220.
 54. *Ibid.*
 55. *Ibid.*, 221.
 56. *Ibid.*
 57. Margaret Thatcher, “Margaret Thatcher, Speech to the Conservative Party Conference, Brighton, 10 October 1980,” in *The Broadview Anthology of British Literature: Volume 6b: The Twentieth Century and Beyond: From 1945 to the Twenty-First Century*, ed. Joseph Laurence Black (Buffalo, NY: Broadview Press, 2008), 797.
 58. Pierre Bourdieu and Loïc Wacquant, “Newliberal Speak: Notes on the New Planetary Vulgate,” *Radical Philosophy* January/February, no. 105 (2001): 2.
 59. *Ibid.*, 3.
 60. Indeed, in contrast to Bourdieu and Wacquant who see the percolation of this neoliberal vulgate as originating in “The American Society of the post-Fordist and post-Keynesian era, the world’s only Superpower and Symbolic Mecca.” *Ibid.*, 3.
 61. Mark Blyth, *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century* (Cambridge: Cambridge University Press, 2002).
 62. David Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2005), 57.
 63. Arrighi, *The Long-twentieth Century: Money, Power and the Origins of Our Times*, 322.
 64. Samuel P. Huntington, “The United States,” in *The Crisis of Democracy: On the Governability of Democracies*, ed. Michel J. Crozier, Samuel P. Huntington, and Joji Watanuki (New York: New York University Press, 1976), 64; As Huntington writes, “People no longer felt the same compulsion to obey those whom they had previously considered superior to themselves in age, rank, status, expertise, character or talents.”, 75.
 65. Harvey, *Spaces of Global Capitalism: Towards a Theory of Uneven Geographical Development*, 25.
 66. David Harvey, *The New Imperialism* (Oxford: Oxford University Press, 2005), 63.
 67. Jamie Peck, *Constructions of Neoliberal Reason* (Oxford: Oxford University Press, 2010), 20; As Peck argues, “Neoliberalism defies explanation in terms of fixed coordinates. Rather, it denotes a problem space, together with an accompanying ethos of market complementing regulation. In the most abstract of terms, one can say that neoliberalization refers to a contradictory process of market like rule, principally negotiated at the boundaries of the state, and occupying the ideological space defined by a (broadly) sympathetic critique of nineteenth century laissez faire and deep antipathies to collectivist, planned, and socialized modes of government, especially those associated with Keynesianism and developmentalism.”
 68. Juan Gabriel Valdés, *Pinochet’s Economists: The Chicago School in Chile* (Cambridge: Cambridge University Press, 1995), 2.
 69. Naomi Klein, *The Shock Doctrine* (New York: Knopf, 2007).
 70. Milton Friedman, *Capitalism and Freedom* (Chicago: Chicago University Press, 2002).
 71. Wendy Brown, “Neo-Liberalism and the End of Liberal Democracy,” *Theory and Event* 7, no. 1 (2003), para. 9. See also Michel Foucault, *The Birth of Biopolitics*, ed. Michel Senellart (New York: Palgrave, 2008).
 72. Peck, *Constructions of Neoliberal Reason*, 20.
 73. As Valdés writes, “In Latin America, Chile anticipated by over ten years the stabilization, adjustment, and liberalization processes that are now a generalized feature of the continent . . . With a sense of anticipation that might perplex those who regard the developing world as mechanically dependent on events taking place in the central nations, Chilean economists appeared to foresee the final shift in the Keynesian era,

- as well as the rise to prominence of monetarist policies aimed at correcting monetary imbalances fostered by ‘statism’ during the preceding period.” Valdés, *Pinochet’s Economists: The Chicago School in Chile*, 3.
74. Quoted in Jonathan Haslam, *The Nixon Administration and the Death of Allende’s Chile: A Case of Assisted Suicide* (New York: Verso, 2005), 55–56.
 75. Valdés, *Pinochet’s Economists: The Chicago School in Chile*, chap. 2.
 76. Mario Sznajder, “Hayek in Chile,” in *Liberalism and Its Practice*, ed. Dan Avnon and Avner De-Shalit (New York: Routledge, 1999), 43.
 77. Luis Corvalán, *El Gobierno De Salvador Allende* (Santiago, Chile: Lom Ediciones, 2003), 124.
 78. As Valdés argues throughout his work, the Chicago boys had a deep distrust of democratic governance “which they saw as an obstacle to a free market” Valdés, *Pinochet’s Economists: The Chicago School in Chile*, 253.
 79. See especially François Roustang, *Chile under Pinochet: Recovering the Truth* (Philadelphia: University of Pennsylvania Press, 2000).
 80. Valdés, *Pinochet’s Economists: The Chicago School in Chile*, 11; my emphasis.
 81. Pinochet quoted in Pamela Constable and Arturo Valenzuela, *A Nation of Enemies: Chile under Pinochet* (New York: W. W. Norton, 1993), 160 and in Grandin, *Empire’s Workshop: Latin America, the United States, and the Rise of the New Imperialism*, 173. As David Lipton, Jeffrey Sachs, Stanley Fischer, and Janos Kornai have argued “shock treatment” must be comprehensive enough to affect all of society: “The transition process is a seamless web. Structural reforms cannot work without a working price system; a working price system cannot be put in place without ending excess demand and creating a convertible currency; and a credit squeeze and tight macroeconomic policy cannot be sustained unless prices are realistic, so that there is a rational basis for deciding which firms should be allowed to close. At the same time, for real structural adjustment to take place under the pressures of tight demand, the macroeconomic shock must be accompanied by other measures, including selling off state assets, freeing up the private sector, establishing procedures for bankruptcy, preparing a social safety net, and undertaking tax reform. Clearly, the reform process must be comprehensive.” David Lipton et al., “Creating a Market Economy in Eastern Europe: The Case of Poland,” *Brookings Papers on Economic Activity*, no. 1 (1990): 99; Quoted in Jack R. Friedman, “Shock and Subjectivity in the Age of Globalization: Marginalization, Exclusion, and the Problem of Resistance,” *Anthropological Theory* 7, no. 4 (2007): 428–29.
 82. *Ibid.*, 7.
 83. John B. Oaks, “Chile’s ‘Chicago’ Pill—II,” *The New York Times*, May 4, 1979, A33.
 84. Valdés, *Pinochet’s Economists: The Chicago School in Chile*, 2.
 85. Robert M. Bleiberg, “‘The Chicago Boys’: Free Markets—as Chile Proves—Are the Way to Economic Growth,” *Barron’s National Business and Financial Weekly*, February 18, 1980, 7; Valdés, *Pinochet’s Economists: The Chicago School in Chile*, 37.
 86. As the Boston Globe columnist David Warsh would summarize the influence of the Chilean model in 1997: “Portugal and Spain followed Chile’s example in the 1970s, as did China, turning loose some markets from its overarching plan. The market-oriented economies of Japan and of the four ‘Asian dragons’ became cynosures as well. The rage for economic liberalization spread to the United Kingdom and the United States. Poland was next, then most of Western and Central Europe. The Berlin Wall came down in 1989. The former Soviet Union broke up. Mexico and the rest of Latin America turned dramatically toward capitalism, as did the rest of nonaligned Asia. Arnold Harberger watched as Chile became a model for the “shock therapy” with which heavily regulated economies were introduced to the industrial world.” David Warsh, “Full Circle,” *Boston Globe*, January 12, 1997; My emphasis.; See also Yves Dezalay and Bryant G. Garth, *The Internationalization of Palace Wars: Lawyers, Economists, and the Contest to Transform Latin American States* (Chicago: University of Chicago Press, 2002), 82.
 87. Corey Robin, “Viña del Mar: A Veritable International of the Free-Market Counterrevolution,” *Corey Robin*, July 17, 2012, <http://coreyrobin.com/2012/07/17/vina-del-mar-a-veritable-international-of-the-free-market-counterrevolution/>.

88. Quoted in Karin Fischer, “The Influence of Neoliberals in Chile before, During, and after Pinochet,” in *The Road from Mont Pelerin: The Making of the Neoliberal Thought Collective*, ed. Philip Mirowski and Dieter Plehwe (Cambridge, MA: Harvard University Press, 2009), 327. This assertion about the ultimate success of neoliberalization in Chile is obviously open to debate. Valdés, for example, argues that in fact “During the subperiods of the Pinochet regime, GDP grew by an annual average of 2.6 percent . . . [and that] average wages were still less than in 1970.” Valdés, *Pinochet’s Economists: The Chicago School in Chile*, 266–67; See also Andrew Farrant, Edward McPhail, and Sebastian Berger, “Preventing the ‘Abuses’ of Democracy: Hayek, the ‘Military Usurper’ and Transitional Dictatorship in Chile?” *The American Journal of Economics and Society* 71, no. 3 (2012).
89. Grandin, *Empire’s Workshop: Latin America, the United States and the Rise of the New Imperialism*, 182.

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