

# Encircled by Neoliberalism

In this time of recession we take a critical look at neoliberalism through the winner documentary of Visions du Reel in Switzerland, *Encirclement – Neoliberalism Ensnares Democracy*.

By Truls Lie



The festival winner at Visions du Reel is an intellectual documentary: *Encirclement – Neoliberalism Ensnares Democracy*, by the Canadian filmmaker Richard Brouillette, 160 minutes, shot in black-and-white on 16 mm. It's based on thirteen "talking heads", long monologues with intertexts like in a silent movie – Brouillette insisted on using this instead of the usual voice-over. So how

could *Encirclement* win the competition?

Because of its obvious relevance. Today's financial crises makes it urgent to understand why and how neoliberalism has changed the situation of the West. *Encirclement* is not your run-of-the-mill film about the globalisation of the economy, but about mind control, brainwashing and ideological conformism. Brouillette tells us it's "about the omnipresent irrefutability of a new monotheism, with its engraved commandments." The film title "*encirclement*" is a concept from military strategy, as practised by Alexander the Great and Napoleon: surround the enemy and eliminate the possibility of escape.

The film focuses on a dozen people, mostly men, but one woman, who one by one, like a jury, pass verdict on the ideology and consequences of neoliberalism. But why did Brouillette with seven years of work use almost no "visual lubricants" – like archival or illustrative film images? In a way, the absence intensifies your concentration on what's actually being said. But can you maintain your focus for nearly three hours? Yes, in steps of increasing importance, we interestingly learn about how neoliberalism has imposed its dictates on the world.

AS THE NEW EDITOR of this magazine, we will now put more emphasis on the documentaries themselves – more reflections on the selected films' content and their social criticism. *Encirclement* is such an example:

*Encirclement* was influenced by Le Monde Diplomatique's editor Ignacio Ramonet's editorial *La Pensée Unique* [the only thought] in 1995. In Brouillette's film he talks about "globalitarian" regimes. But the film's most important points come from Noam Chomsky, US linguistics professor and fierce critic of US imperialism: he refers to economic theorist David Ricardo of two centuries ago, on the *comparative advantage*. His theory is that local products can be produced better and cheaper locally, and exchanged with products from other countries, exemplified by Brits buying wine from Portugal and the Portuguese buying wool from the United Kingdom. Ricardo meant that markets "invisibly" or harmonically could regulate themselves, where nation states peacefully kept their local competitive advantages.

But as Chomsky points out, this is not today's reality, and never was. The exchange of goods did not start locally in villages, then in cities, and then between nations. For the most part, commerce followed in the steps of militarisation. Colonies were forced to accept the rules of their master. Colonists shot Native Americans, instead of peacefully buying their handicrafts. Today, ownership and capital flow around, investors buy or start companies abroad – multinationals loaded with capital power take over resources in poor national states. So when you hear talks about liberalism, freedom and competition, it is mostly a euphemism for forced liberalisation. As you don't have free competition when strong states use subsidiaries and customs to regulate in their interest. It's the emperor's new clothes, a power game as usual – disguised as liberalism.

Interestingly, Chomsky also refers to Adam Smith – whom neoliberals normally use as their advocate. Chomsky mentions him as an intelligent man who originally used "the invisible hand" concept to denote the common sense of the industrialists of Britain, men who didn't outsource factory labour for cheaper foreign wages – because these industrialists were morally loyal to the nation. That's why this invisibly regulated itself, and trade didn't fall into the hands of "barbarians".

Today's real barbarians, according to Chomsky, are the neoliberals who accumulate global money through an ideology of privatisation, deregulation and minimal state interests – where the few get richer and richer leaving the majority behind. Big multinational companies don't care about national workforces sustainability or their own community in the long term. They outsource, move abroad, get cheap labour and increase their profits back home. As players of today's finance economy they have to cut costs to keep prices low in the global competition. The monetary barbarians are now the cynical frontrunners preaching neoliberalism for everybody.

The neoliberals established right-wing think tanks financed by "big money", which are disseminating their ideas in universities, in media, and in governments. The ideology is naturalised through education, which trains children to adopt the corporate way of thinking. Like when schools are accepting free television sets full of advertisements that shape children's lifestyles – e.g. Channel One in the US or Athena in Canada.

I will add that today's media maintains the frustration (financial crises) and anxiety (terror) that keep the non-thinking, illiterate majority searching for security – by working with no questions. The ideology is so pervasive that workers at the lowest level sing along the mantra "compete to survive".





*Encirclement – Neoliberalism Ensnarcs Democracy*, (2008) by Richard Brouillette

*ENCIRCLEMENT* KEEPS YOU concentrated, but sometimes you loose track. Like a six-minute argument – cut down from ten (!) – by Michel Chossudovsky describing how smart speculators were able to take over the entire South Korea economy through currency speculation. In brief: you short-sell the South Korean currency “won” by selling huge quantities deliverable at a future date. But when the Korean central bank is obliged through accords with the IMF (International Monetary Fund) to stabilise its unbalanced currency, it has to use its money reserves and take out loans. In the end, everyone goes into debt except the speculators. The South Korean economy is doomed, its bank shares and high-tech industry are sold at a discount and, as Chossudovsky explains, the country’s industrial wealth is transferred to foreign US investors. An example is when Korea First Bank was sold for USD 450 million to Californian and Texan investors, the Korean government had to give guarantees of the bank’s bad debts, subsidising the debts at 35 times the purchase price (!). Then these US investors arrived in Korea, and overnight gained control over a large local financial apparatus, including the liabilities of major Korean companies like Hyundai and Daewoo. Then they dictated break-ups – as when part of Daewoo was sold to General Motors. Manipulating financial markets makes it possible to take possession of a foreign economy.

I will add to this game that Russian and Chinese investors buy shares in big foreign companies, in Germany or Africa – to later take control of competition. Utopian theories such as Ricardo’s comparative advantages or Smith’s invisible hand are here replaced by “forced liberalisation”. This is about power and suppression, not free markets.

*ENCIRCLEMENT* IS QUITE DIFFERENT in form, but similar in content to *The Shock Doctrine*, a documentary soon to be released by Michael Winterbottom and Mat Whitecross. The film, based on Naomi Klein’s book with the same title, extensively uses archival material and few talking heads. The content focuses on the Chicago School and Milton Friedman’s ideology and how its ideas are spread throughout South America. Another documentary, *Let’s Make Money*, uses visual narration: for example by showing the path of gold, from the mines of Africa to the cellars of London Banks – with a fifteen-fold increase in value en route (!). So who really earns the money on national resources? A third example of neoliberal monetary matters and the elite playing their usual game is criticised in the parody *The Yes Men Fix the World*. [see page 32].

Today’s neoliberalism – or neo-colonialism – is “forced” through the International Monetary Fund with help from the World Bank, on developing countries and other less successful national economies. Of course, one might argue, these countries were already insolvent when the rich countries assisted them with loans. But the bindings from IMF are harsh and the interest rates too high:

The “structural adjustments” transform societies to be run by the ideology of profit and efficiency. In *Encirclement* the IMF demands are listed and explained: reduce state expenditures, establish a zero-deficit economy, and force privatisation on society. But because poor countries don’t have local investors, the natural resources are sold to foreigners (president Chavez’s nationalisation of the oil resources in Venezuela is the opposite ...). Prices for imported goods become too high compared to local wage levels, as a result of currency devaluation demanded to expand export. Exports also result in over-production and, in turn, falling prices. And some of these countries have a debt service which accounts for 600 times their export revenues. As if this is not enough, the IMF and World Bank also demand “globally right” prices, so some prices could make a hotel night be the same as six months’ local wages. The neoliberals also demand “reverse wage parity” which makes labour wages slide down everywhere.

SO WHERE ARE THE suggestions of alternatives in our global media, new thinking, new strategies? Why don’t we see the model of south-american “co-operating economy” as an alternative to our competition economy? Unfortunately the neoliberal dogmas have been gradually settled into our consciousness. That’s why we today see the dogmatic state-to-bank reactions to our financial crises, just giving more into the same system.

It’s not always smart to consent to becoming a “free market” player, because in this game you play with the big boys – and they usually have bad tricks on how to beat up on those smaller than them. ☒

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