

# Contents

<i>Preface</i>	vii
<i>Acknowledgements</i>	viii
<i>Notes on Contributors</i>	ix
<i>Introduction</i>	xii
<i>Richard Robison</i>	

## **Part I Neo-liberalism and the Market State: Concepts and Issues**

1 Neo-liberalism and the Market State: What is the Ideal Shell? <i>Richard Robison</i>	3
2 Two Faces of Neo-liberalism <i>Andrew Gamble</i>	20

## **Part II Neo-liberalism and its Global Transit**

3 The Politics of Neo-liberalism in Latin America: Legitimacy, Depoliticization and Technocratic Rule in Chile <i>Patricio Silva</i>	39
4 Neo-liberalism in the Russian Federation <i>Hans Oversloot</i>	58
5 Corruption and Neo-liberal Reform: Markets and Predatory Power in Indonesia and Southeast Asia <i>Vedi R. Hadiz</i>	79
6 Neo-liberalism and the Persistence of Clientelism in Africa <i>Graham Harrison</i>	98
7 Serving the Market or Serving the Party: Neo-liberalism in China <i>Shaun Breslin</i>	114

### **Part III Conflict within the Neo-liberal Camp**

- 8 The Wall Street–Treasury–IMF Complex after Asia:  
Neo-liberalism in Decline? 135  
*Ben Thirkell-White*
- 9 What’s in a Name? Neo-conservative Ideology,  
Neo-liberalism and Globalization 156  
*A. Haroon Akram-Lodhi*
- 10 Mr Bush and Neo-liberalism 173  
*William K. Tabb*

### **Part IV The Neo-liberal Future**

- 11 Neo-liberalism and Transparency: Political  
versus Economic Liberalism 197  
*Garry Rodan*
- 12 European Social Democracy and the  
Neo-liberal Global Agenda:  
a Resurgent Influence or Capitulation? 216  
*Wil Hout*
- 13 Economic Constitutionalism, Liberalism  
and the New Welfare Governance 234  
*Kanishka Jayasuriya*
- Bibliography* 254
- Index* 282

# 1

## Neo-liberalism and the Market State: What is the Ideal Shell?

*Richard Robison*<sup>1</sup>

What sort of market state do neo-liberals want? Lenin once remarked that democracy was the ideal shell for capitalism (see Jessop 1983). But he was referring to the sort of propertied democracy emerging in the nineteenth century and to the task of dismantling various forms of absolutist mercantilism that confronted the rising bourgeoisies of Europe. However, the situation has been different for neo-liberals struggling to assert their ascendancy over the mass-based social democracies of the second part of the twentieth century. Neo-liberals like James Dorn of the Cato Institute now see democracies as potential threats to liberalism, incubators for the tyranny of a rent-seeking majority over the private interest. He noted that 'Democratic government is no substitute for the free market ...' (1993: 601). Thus, for neo-liberal 'true believers', the ideal market state was one that essentially guaranteed individual property rights and contracts, and that might not be a democratic state.<sup>2</sup> As we shall see, it was a vision in which the desire to dismantle the state sat uneasily with the perceived need to create an insulated system of techno-managerial governance that would protect the market from politics and possessed the authority to redefine society in terms of an ongoing series of highly functional voluntary transactions between rational individuals.

### **Protecting the market from politics**

#### **Neo-liberalism, ideology and the techno-managerial state**

The rise of neo-liberalism began in the 1970s as inflation, unemployment and corporate failures were engulfing the advanced western industrial economies. Free market champions like Reagan and Thatcher were able

to seize power because policies of deregulation, privatization, low taxes and appeals to individual self-reliance proposed a way out of the downward spiral of welfare capitalism and protected industrialism that now seemed unsustainable in the newly unfolding global system. But neo-liberalism was to be more than just a reincarnation of laissez-faire sentiment or a simple neo-classical attachment to the idea of the inherent efficiency of markets. It aimed at nothing less than extending the values and relations of markets into a model for the broader organization of politics and society. Neo-liberals recognised the political nature of a task that included dismantling entrenched systems of welfare and developmental capitalism characterized by powerful labour unions and welfare coalitions. Yet, in approaching this task, they were confronted with the dilemma, as Gamble notes later in this volume, that neither society nor the state could be trusted.

Whereas classical liberals had assumed the self-reliant and progressive nature of civil society, and business in particular, to be driving forces in the formation of market societies, neo-liberal political economists of the public choice school took a much harsher line. After all, they argued, why would self-interested individuals forgo the opportunity to secure advantages in rents and free-riding to build the systems of general rules and rights necessary to address collective action dilemmas (Buchanan and Tullock 1962; Olson 1982). While, as Douglass North concluded, it might have seemed logical that only the state was potentially positioned to supply such institutions (North 1981), he also proposed that the state was no less immune from the self-seeking and predatory impulses that governed individuals. As both Grindle (1991) and Evans (1995) have noted, public choice theory replaced the benign state of liberal pluralism with a state conceived as little more than a collection of self-interested individuals exchanging political favours for support from rent-seeking distributional coalitions and diverting resources from productive investment.

The problem required nothing less than limiting the predatory capacities of the state by policies of fiscal austerity, privatization and deregulation that would drive it from the economic sphere and thus eliminate the very basis of rents. Yet, as we shall see, it was only through the state that neo-liberals, ironically, gained the foothold that enabled them to enforce their policies. Thatcher and Reagan enforced the dramatic reforms that transformed Britain and the US in the 1970s and 1980s through the considerable apparatus of state power and authority now under their control. For many practical neo-liberal reformers now concerned with the problems of development, hopes for the consolidation of reform lay in the hands of rational 'technopols' able to impose the

public welfare (represented by markets) over the demands of vested interest (Srinivasan 1985: 58; Lal 1983: 33; Williamson 1994).

Thus we find the emergence of a neo-liberal institutionalism focused around the 'new public management' and efforts to enshrine the primacy of markets and property rights in constitutional arrangements that insulate technocratic decision making from the uncertainties of representative politics, replacing politics with governance in what critics call 'low intensity democracy' (Gills and Rocamora 1992) or what Jayasuriya (2000) has termed 'liberal authoritarianism'. It may be argued that a place like Singapore that features so prominently in neo-liberal 'freedom indexes' presents to western neo-liberals a highly satisfactory vision of a future where markets may flourish under technocratic regimes unencumbered by politically powerful distributional coalitions (Rodan 2001 and this volume). Quite apart from the Cold War considerations of the time, the long and close collaborations with leaders like Soeharto or Pinochet also illustrate the attractions for neo-liberals of powerful, insulated states that are able to bulldoze opponents out of the way.

### **Neo-liberalism, populism and social contracts**

There is nevertheless a growing recognition within the neo-liberal camp that the market state requires a broad legitimacy across society and at least some measure of support and engagement from popular social forces. Political leaders in Latin America had long understood that embarking on the dangerous course of introducing of neo-liberal reforms required support that could be mobilized through populist policies and social contracts with various popular forces, including labour. Such populist social contracts could also serve as opportunistic moves to outflank conservatives in the military or the state apparatus or social democratic remnants in the parliament (Weyland 2002, 2003), or, alternatively, as measures to sustain a pro-business party in the face of pressures for further market reforms as in the case of Thailand under Prime Minister Thaksin (Hewison 2005).

However, the neo-liberal interest in creating a new form of social governance goes beyond the problem of neutralizing opposition to reform. It aims at nothing less than what is described by Jayasuriya (this volume) as a 'neo-liberal sociability' or a system of 'social neo-liberalism' (Cerny 2004) that redefines citizenship in terms of the right to participate in the market and equality as access to the market rather than redistribution of income. This social neo-liberalism has been a defining characteristic of various third way governments in the West like Tony Blair's New Labour in Britain or John Howard's administration in Australia

where the focus has been on a reorganization of social welfare and public spending rather than their elimination. Its attempted incorporation into the broader development agenda has revealed the deep divisions between those who believed that market liberalization in itself would be the primary engine of change (Summers 2001; Dorn 1997; Williamson 2004) and those who were now convinced of the need to make an assault on 'market fundamentalism' and more directly to establish the social and institutional prerequisites for market transitions (Stiglitz 1998b).

In the 1990s the language of social sector participation, ownership and empowerment became the new mantras of the World Bank and other development agencies. With the task of development defined in terms of equipping social groups for inclusion in market society and making them capable of surviving in a market economy, the idea of social capital became an indispensable organizing concept. It enabled the development project to be redefined in terms of poverty reduction strategies requiring the construction of dense social networks, skills, values and norms – thus avoiding any entanglement with issues related to concentrations of power and wealth in society. In terms of the structural functionalism of the 1960s, from which social capital largely derives its functional and organic ideas, resentful or marginalized populations may be conceived as simply dysfunctional and must be made functional. This gave rise to the huge industry in governance, capacity building, training and social inclusion projects now run by the World Bank and other development agencies (Fine *et al.* 2003; Harriss 2002).

### **The problems of transplanting the neo-liberal market state**

Why has it proven so difficult to construct these neo-liberal models of market state and society, particularly outside the so-called Anglo-Saxon economies of US, Britain, Australia and New Zealand – or, as Silva argues in this volume, apart from the extraordinary example of social disorganization and political disengagement that has characterized the Chilean experience? After all, there is a certain inexorable logic in the 'machine' of the market exemplified in Friedman's (1997) leaderless herd of currency dealers and equity managers, dictating the price of entry into global capital markets and punishing those who transgress its rules. How have different alliances of social and state power been able to deepen their engagement with global markets while retaining or developing highly illiberal or populist systems of state authority even where the discipline of global markets or severe economic crises should have weakened their resolve and capacity to defend interventionist, predatory or populist arrangements?

## Hijacking neo-liberalism

One of the central instruments for extending neo-liberal reform into developing and post-crisis economies has been that corps of professional economists and bureaucrats working within key economic and financial ministries and agencies. Chile's famous 'Los Chicago Boys' in the 1970s had their equivalents in the so-called 'Berkeley Mafia' who, almost a decade earlier, had begun to play a central policy role in Soeharto's Indonesia. In Russia, technocrats like Anatoly Chubais initiated decisive privatization programmes during the Yeltsin period of the early 1990s. In the case of Iraq, a military invasion by the US created an almost *tabula rasa* for the introduction of market-based economic policies by the Head of the Coalition Provisional Authority, L. Paul Bremer (the ultimate technocratic authority), that included provisions that are the dreams of neo-liberals in America itself, among them a flat tax-rate of 15 percent (Peck 2004: 392).

Yet, as recognised by the World Bank itself, only in specific circumstances have neo-liberal technocrats been able to impose reforms that extended beyond macroeconomic policy into the arena of institutional or political change (World Bank 2003a: 107–17). Some attribute this problem to the incomplete or selective nature of the reforms or their improper sequencing (Dollar and Kraay 1999, 2000). Elsewhere, it is considered a consequence of the poor training of officials or the weakness of institutions and the lack of institutional capacity. On the contrary, it is proposed in this volume that the design or sequencing of reforms is not simply a technical decision but rather is constrained by political possibilities. Attempts to engage in what Jayasuriya (in this volume) calls 'new forms of statecraft' to establish a neo-liberal regulatory governance have proven to be difficult not because of technical difficulties or intransigent opposition to markets but because those allies mobilized behind the neo-liberal agenda or even created in the process of rolling back the old economic regimes construct quite different forms of political and social governance to accommodate markets to their own social interest. Therefore, the task is to explain the pathology of these dynamics and how they are shaped by shifts in the architecture of state–society power relations.

Clearly the most dramatic neo-liberal intervention in recent years has been in Russia where reform was introduced through a programme of so-called 'shock therapy' delivered to a decaying totalitarian regime and where no established bourgeoisie existed to assume the primary role of investor, previously the preserve of the state. That a new business

oligarchy was created only by means of an arbitrary handover of state assets to well-placed individuals and where political deals, gangsterism and violence were often the currency of state–business relations, led analysts such as Holstrom and Smith (2000) to regard this process as nothing less than a period of unconstrained ‘primitive accumulation’ essential to the early stages of capitalist development. But is there not a tipping point to all of this? After all, the rise of capitalism in both Britain and America were characterized by extended periods of unconstrained, robber baron capitalism. The question is: how does the regulatory market state emerge from ‘savage capitalism’?

Neo-liberal advocates of ‘shock therapy’ propose that opening the market is in itself enough to set wider processes of reform in train and that few institutional prerequisites are needed beyond some basic property rights (Rapaczynski 1996; Sachs 1991). Anatoly Chubais, the architect of the 1990s shares for loans privatization that opened the door for the emergence of Russia’s oligarchy, claims that despite the chaos, corruption and inequity that accompanied it, not only was ‘shock therapy’ the only possible way of creating private property but the oligarchs themselves will increasingly tire of arbitrary authority and see that moving on to the next stage requires a system based on rules that ensure their general interests (cited in Ostrovsky 2003, 2004).

Indeed, Marxists have also argued that the internal maturing of capitalism and the increasing interest of business in an orderly system of rules and open markets will ultimately ensure transition to a more generalized and regulated system of capitalism (Harris 1989). Yet the emerging market state in Russia is being decided, not by the demands of the oligarchs to end the era of arbitrary capitalism but as that vast apparatus of state power reconstituted under President Putin seeks to recapture the agenda of change from the oligarchs and their neo-liberal allies (illustrated in the struggle with the head of the Yukos oil giant, Mikhail Khodorkovsky), not to roll back the market but to define the new market state in the terms of its own complex interests.

Expectations that neo-liberal patrimonialism would evaporate as liberalization proceeds has also pervaded neo-liberal assumptions about Africa. However, as Harrison observes in this volume, the advance of the market has in fact created ‘a new political class’ that reproduces itself through ‘neo-liberal clientism’ and that this class in fact expropriates the state itself. No ‘relatively autonomous’ state apparatus appears on the horizon to put an end to this ongoing and self-destructive logic of disorganized and predatory capitalism. The same problems of disorganized capitalism are addressed elsewhere by Hutchcroft (1998: 45–64)

who proposes that the collision of 'modern rational capitalism' with systems of patrimonial oligarchy that have prevailed in Latin America or the Philippines, where powerful business or landed oligarchies determined the flow of rents from a largely incoherent bureaucracy are different from those collisions with systems of administrative oligarchy, broadly characteristic of Indonesia, Thailand and Malaysia, where power resided, at least in the early stages, with a class of office holders who are the main beneficiaries of rents extracted from a politically disorganized business class.

While systems of patrimonial oligarchy, where private interests enjoy an ascendancy over the state, might seem to provide a more benign environment for markets, Hutchcroft proposes that economic growth in these circumstances simply reinforces the power of oligarchy where the patrimonial state systems lack the capacity to impose regulatory reform. Indeed, it is this embedded system of clientist populism that is cited by various analysts to explain the repeated collapse of neo-liberal reform projects that have plagued the Philippines and Latin America. The relative success of Chile's experiment with neo-liberal reform is explained, including by Silva in this volume (and see also Weyland 2003; Schamis 2002), partly because, in its transition to neo-liberal capitalism, Chile represented a unique alliance between an authoritarian state and a developed business and middle class for whom open and competitive markets and the provision of general rules for the regulation of business now suited uniquely their common institutional and economic interests.

On the other hand, Hutchcroft proposes not only that the administrative patrimonial state possesses the capacity to manage and impose reform but that private sector interests nurtured within them are more likely to tire of the uncertainties of rents and see their interests increasingly in markets defined by general systems of rules and regulation (p. 48). This model is ideally illustrated in the case of Soeharto's Indonesia, whose rise in 1965 and 1966 was widely seen by neo-liberal economists and western observers as a triumph of rationality over politics (Arndt 1967). However, despite the new prominence of western-trained technocrats, construction of the new market state lay in the hands of a military embedded not only within a pervasive apparatus of security and repression but in a vast network of state-owned enterprises and ministries that controlled the commanding heights of the economy. While the monetary and fiscal prescriptions of the reformers were welcomed, the inflow of aid, loans and investment as well as growing oil revenues were used to consolidate state capitalism and the ideology of

technocratic development provided legitimacy for a centralized system of unaccountable authoritarian rule (Moertopo 1973).

Nevertheless, the new phase of deregulation and market reforms that began in Indonesia in the early 1980s could be seen as evidence that the patrimonial administrative state could respond to crises – in this case the collapse of oil prices and the need to generate new sources of state revenues and foreign earnings – by enforcing reform. A more compelling factor, however, was the incubation, over the previous decade, of private business interests within various state-sponsored monopolies that linked large Indonesian Chinese business groups with the families of powerful politicians and officials, notably the Soeharto family itself. For these interests, the state that had nurtured their growth now became a constraint. State monopolies in media, banking and public utilities promised lucrative opportunities for the next stage of their development. In other words, the reforms of the 1980s and 1990s signalled a takeover of state capitalism by this politico-business oligarchy. But this was far from the expected rise of private interest increasingly tired of arbitrary authority and seeking orderly markets.

A strange mixture of authoritarian rule and clientist politics was thus established, preserving domestic trading and manufacturing cartels while opening for favoured investors a finance sector unconstrained by rules about intra-group lending and capital adequacy ratios and where no distinction existed between lenders and borrowers. Public monopolies were transformed into private monopolies while key state enterprises became the conduits through which state funds haemorrhaged into private hands by subsidizing the costs of their activities and providing discretionary credit (Schwarz 1999; Rosser 2002; Robison and Hadiz 2004).

However, the Asian economic crisis and the disaster visited upon the Indonesian cronies and their counterparts elsewhere confirmed in the minds of many neo-liberals that cronyism inevitably ended in tears and that Asia was now poised on the edge of a convergence that would embrace the natural efficiency of markets (Camdessus 1997; Greenspan, cited in Hamilton 1999). Yet, although the Asian economic crisis delivered enormous power into the hands of the IMF to enforce a range of policy and institutional reforms, especially in Indonesia, Thailand and South Korea, existing regimes proved able to reconstruct market states that preserved entrenched interests and largely disappointed neo-liberal reformers.

For example, in the depths of the crisis, the Malaysian government responded by fixing its exchange rates and backing this with huge

injections of state funds into banks and the stock exchange, thus rescuing many of the indebted corporate oligarchs. As Case (2005) notes, the drive to enforce neo-liberal reforms in the wake of the crisis continued balanced with attempts to preserve the position of privileged oligarchies. In the Thai case, business interests that survived or emerged as major players from the rubble of the crisis decided that their survival depended upon putting the neo-liberal reform agenda on hold while they consolidated their economic position. As power fell more directly into the hands of business through the Thai Rak Thai Party of the new prime minister, Thaksin, various protective policies were put in place to stem the flow of external corporate takeovers and the pace of privatizations and corporate reform. The political ascendancy of business was consolidated in an increasingly centralized systems of money politics where a new social contract to draft broad political support included highly populist measures for health insurance and village-level grants (Hewison 2005; Jayasuriya and Hewison 2004).

In the case of Indonesia, entrenched politico-business coalitions were able to reorganize their power even with the collapse of the centralized authoritarian rule that had guaranteed their position for so long. The World Bank (2000: 43) lamented the isolation of technocrat reformers and their powerlessness to prosecute the intensive reform programme in the face of vested interests. With the help of an entrenched and corrupt judiciary and an intransigent bureaucracy, technically bankrupted business groups held onto their key assets by stalling foreign creditors or by warehousing their debt with the government agencies responsible for the recapitalization of banks, effectively socializing the costs of their losses (Hamilton-Hart 2002; Robison and Hadiz 2004: 187–222). Significantly, as Vedi Hadiz argues (2004; and in this volume), democratic reform and decentralization appear simply to have reproduced the same systems of business – state relations, albeit across a wider range of alliances, within the arena of party and parliamentary politics and down into the provinces and subprovinces.

What then are the lessons for neo-liberals? The most important one is the fact that markets can survive and even flourish within a range of institutional frameworks and that institutions themselves are ultimately about power and its distribution. While economic crises and the advance of the market may reshape the political and social landscape, at the same time existing or evolving amalgams of power and interest in turn impose their own agendas on the emerging market state. The neo-liberal agenda may be achieved within seemingly unlikely forms of market state. For example, the sort of ‘market sociability’ discussed earlier,

as observed by Jayasuriya and Hewison (2004), may be best achieved in the reformist populism of Lula in Brazil or Thaksin in Thailand. Authoritarian systems, such as those in China or Singapore, potentially provide the ideal 'authoritarian liberalism' or 'low intensity democracy' essential to insulated techno-managerial rule.

Ironically, hybrid market states are also sustained by global investors and international development agencies. Authoritarian market states, uncontaminated by the demands of welfare or environmental coalitions and labour organizations, potentially offer business much of what it is unable to secure in the slowly unravelling social democracies of America or Europe. In this sense, they represent, ironically, much of the essence of the neo-liberal market state. New and highly mobile global financial markets have also been willing to invest heavily even where there is clear evidence that corruption, collusion and state-sponsored monopoly rather than the free operation of the market is a key determinant of business success. This was a feature of the huge flows into an increasingly speculative Asian market in the years preceding the economic crisis and of the subsequent rapid return of international investment to many of the affected countries. So long as the rewards are high and governments are presumed able to guarantee seemingly speculative ventures and their property rights, there are few qualms about the absence of level playing fields. As Hadiz observes in this volume, such regimes have also been championed by institutions like the World Bank for whom pervasive corruption was often glossed over where close ties to technocrats induced an ongoing 'group think'. Conversely, in the African case, it has been inflows of aid that have provided important underpinnings for the survival and entrenchment of patrimonial elites such as those described by Harrison (see also Walle 2001).

### **Fractures within the neo-liberal camp: the eclipse of the 'true believers'?**

The conflicts to define the new market state have been no less intense in the US throughout the 1990s where the views of neo-liberal 'true believers' were challenged in ongoing political and ideological ruptures as powerful politico-business interests now influential within the Bush administration supported the vision of a market state where business interests might override the pristine ideals of markets. At the same time, neo-liberal orthodoxy faces a neo-conservative agenda that conflates markets with a global American hegemony in broader political and security terms, replacing the neo-liberal idea of globalization as a abstracted

process of competition and efficiency with one that relies upon the political and military reinforcement of American interests and establishes the ground for an extensive security state.

### **The rich versus the markets**

It was a central feature of the neo-liberal revolution in the 1970s that the weight of power and influence in business within America shifted from the old manufacturers of the Northeast to new sectors of capital that operated more specifically in the global arena, specifically in the finance and banking sector and also including the resource and energy corporations and contractors in infrastructure projects, based predominantly in the West and the South. As the American state began to play a more active role in the global rise of these large corporate groups, some neo-liberals criticized mercantilist interventions on their behalf, citing, for example, the IMF as little more than a mechanism for bailing out US banks in the global market and rescuing them from the consequences of imprudent lending decisions. Articles in the *Asian Wall Street Journal* (1997, 1998) included one editorial that even talked of the IMF in terms of a 'socialist international'.

Neo-liberal critics were also uneasy about the Bush government's retreat on corporate regulation, which was seen as opening the door to widespread corporate scandals in accounting, executive bonuses and share dealing and reporting. For those neo-liberals, the particular direction of regulatory reform, as well as moves that abolished inheritance tax, were measures that effectively consolidated the rich rather than protecting the market.

In the view of neo-liberal purists, continuing conflicts over regulatory reform and the moves towards concentration of wealth embodied in the Bush tax reforms jeopardize the advance of free markets. Yet, the very difficulties of trying to regulate against corporate malfeasance suggests not only that the business lobby is influential but that mechanisms enabling corporations to evade the sort of competitive and transparent market processes have become structural requirements for the accumulation of value for important sections of the business community. This is especially the case where shareholder value is defined and exchanged through derivatives that invite imaginative accounting techniques, reporting mechanisms and complex takeovers and mergers.

These criticisms were bolstered by resentment of specific ties between the Bush administration and certain business interests.<sup>3</sup> *Economist* journalists, Mickelthwaite and Wooldridge (2004: 142) argue that 'Bush's enthusiasm has generally been for business, particularly big business,

rather than for the free market. His own career was a textbook example of Texan crony capitalism, characterised by a series of takeover deals in which outside investors periodically stepped in to save one floundering oil company after another.' Other critics suggested that the Bush administration, and the parties of the Right in general, should decide whether they want to defend the few against the larger interests of capitalism or embrace the substance of the pro-market agenda, suggesting a drift towards the sort of personalistic market state of Berlusconi's Italy where 'the Right has not only chosen to side with the rich ... it has also been acquired by a rich man – Silvio Berlusconi – and turned into his personal lobbying agency' (Zingales and McCormack 2003).

### **Markets and empire**

A second major challenge lies in the emergence of neo-conservatism as an influential force within the Bush administration. While there is no doubt that neo-conservatives are enthusiastic supporters of market capitalism, they differ from neo-liberal purists specifically in their belief that the preservation of such a system increasingly requires a powerful state and the exercise of political muscle – including unilateral political action on the global stage. While America possessed and used a vast range of political and economic instruments to impose a virtual empire over the years (Wade 2001), neo-conservatives propose that the threat to American strategic or business interests now requires a more direct intervention to remove whole regimes where necessary and to impose political democracy and engage in nation building where failed or rogue states are seen as the problem. This, in the neo-conservative view, calls for the sort of benevolent empire that can be provided only by America (Mallaby 2002; Kagan 1998; Cooper 2002).

For their part, neo-liberal 'true believers' view these propositions with some alarm as promising nothing less than the legitimation of a powerful federal state replete with overwhelming powers of coercion and a mandate to destroy civil liberties (*The Economist* 2004: 11, 12, 24–6). Such an imperial agenda also promises huge increases in budget spending and high taxes that are argued to come naturally with imperial overstretch and are inimical to the neo-liberal principles of a minimalist state (Crane and Niskanen 2003; *Economist* 3–9 April 2004: 24, 25). One of the focal points of dispute has been the controversy that has raged around the US shift towards bilateral trade deals, seen by neo-liberal critics to embody security priorities at the expense of free trade principles and the potential unravelling of multilateral institutions established to globalize free trade (Higgott 2003).

Neo-conservatism thus offers a highly robust framework of governance for neo-liberal markets in which the Homeland Security Act, the invasion of Iraq and growing budget deficits are all part of the collateral costs of preserving the market, albeit at the expense of certain fundamental neo-liberal principles. The central question is whether this represents simply a shift towards a new political conservatism in Bush's America, a new structural imperative for the survival of US economic ascendancy or, more significantly, the appeal of a Hobbesian market state for those elites that have emerged within Bush's America.

**Neo-conservatism and the new state-business relations of the Bush era: a structural or political watershed in the governance of markets?**

The neo-liberal ascendancy was initially driven by a complex alliance that converged in the 1970s to address a specific crisis in western capitalism. It included what we might call the 'true believers'; mainly those politicians, officials in financial ministries and professional economists for whom neo-liberal ideas were not only a recipe for addressing the chronic and deepening fiscal crisis and inflation that accompanied the disintegration of welfare capitalism and protected industrialism, but also an abstracted set of economic rules and a morally attractive set of values for self-reliant human and social behaviour. Yet the sudden move of neo-liberalism to the front of the political stage was made possible by wider social support, including among elements of the burgeoning middle classes, often themselves the product of welfare systems, public schooling and health care, but who now welcomed the prospect of a promised prosperity even where the price might be greater concentration of wealth. Ironically, state bureaucrats were also drawn in as it became obvious that a state dedicated to enforcing and regulating markets was an expansionary state and that the ideologies of the new public management provided bureaucracy, at least at the higher levels, with a new legitimacy and political weight.

While neo-liberal governments were to abandon some sections of the business community in the upheavals of the 1970s, withdrawing their protective tariffs and subsidies as they proved increasingly uncompetitive in global markets, others in the expanding energy, finance and technology sectors were to become major beneficiaries and central pillars within the neo-liberal camp. They saw an escape from high taxation and inflexible labour markets into a world of deregulated global markets and where areas of former public ownership and monopoly were opened up. This new breed of muscular and aggressive business now

asserted the ideals of self-reliance and competition not least through the plethora of business-funded free market foundations and think-tanks such as the American Enterprise Institute and the Heritage Foundation.

There is little doubt that the highly contingent nature of these alliances and the in-built contradictions between the interest of business in profits and those of the state in revenue, war and of politicians in maintaining popular electoral support lies at the heart of the fractures now emerging in the neo-liberal camp. One important factor is that the Bush administration has built its political base on a new religious and social populism of the South and West that also includes much of blue-collar America and the socially conservative lower middle classes (Mickelthwaite and Wooldridge 2004). The sentiments of self-reliance, rugged individualism and hostility to governments that are part of this new social and religious conservatism are blended easily with the rhetoric of the new business elites.

The growing influence of conservative populism also provided a benign environment for the rise of neo-conservatism. Rejection of the United Nations, multilateralism and collective global action in general in favour of taking the world by the scruff of the neck, asserting US interests and values more forcefully are sentiments that appeal to the general xenophobia embedded in the new conservative populism. Yet, such populist and inward-looking rhetoric had always been possible. Why, then, did the Bush administration feel the need to move beyond the traditional opportunistic use of muscle to manipulate a revolving door of dictators that had proved such an effective weapon in the support of American interests in Central and South America in the 1960s and 1970s towards a more expansive and overt idea of empire?

Neo-conservatives themselves are convinced that their agendas for unilateral and pre-emptive political actions are necessary in order to protect liberal society, and US interests in particular, from growing structural threats of terror and from the endemic problems of rogue regimes and failed states. However, this particular interpretation of the imperial imperative is given a less benign twist by more critical observers on the left who see the drift to empire as nothing less than an increasingly desperate measure to prop up an imploding US economic hegemony (Harvey 2003; Tabb 2002a; Mann 2001; Gowan 2004a, 2004b). On the one hand, it is proposed, growing fragility within the US economy is reflected in deepening budget and current account deficits precariously balanced on the continued willingness of (mainly Asian) central banks to keep large amounts of their currency in dollar-denominated bonds in America. This threat is combined with the episodes of asset deflation

that occurred in the late 1990s at the end of the dot.com boom and the corporate fraud and dishonesty that precipitated the collapse of such giants as Enron and World.Com. As Harvey (2003: 72) has noted, the sort of structural adjustment package that might be recommended by the IMF in such situations were not options in America. Instead, the pressures to preserve the American economy are focused on securing primacy in the global sphere.

In this view, America is challenged by new and potential economic superpowers such as China, Russia and, indeed, an increasingly unified Europe able to compete more effectively for global markets and energy resources. They threaten to form new regional trade and economic alliances outside the US sphere of influence. Such a situation, it is argued, requires nothing less than the direct exercise of imperial power in a reconstruction of what Gowan has called US 'primacy'.<sup>4</sup> Thus, the forward push into the Eastern Mediterranean, Central Asia and the Middle East, of which the Iraq campaign is a part, was designed, in this view, to secure strategic control of oil resources (Harvey 2003: 82, 83). At the same time, America is impelled to disorganize attempts to form cohesive regional political economies and to ensure some sort of dependency upon the US, especially in the case of China where, as Gowan (2004b: 312–13) argues,

The task of US strategy is to prevent China from becoming the centre of a cohesive regional political economy while simultaneously attempting to transform China in ways that will make it structurally dependent upon the USA. All the resources of the American state – economic statecraft, military statecraft – and ideological instruments, will be mobilised for this battle in the coming years.

The proposition that the neo-conservative option is a structurally necessary prescription to preserve neo-liberalism at a time of crisis and threat neglects the range of powerful options that already exist to deal with the problem (Wade 2002a). These include the incipient structural pressures of global capital and financial markets – Friedman's anonymous currency dealers and funds managers – or the leverage exercised by international development agencies and financial institutions as well as ratings agencies over the policies of economically beleaguered governments. In reality, there may be less difference between the global practices of neo-conservatives and their conservative or even liberal predecessors than is commonly assumed. Democracy promotion agendas have invariably given way to security priorities (as, for example,

in Saudi Arabia or Uzbekistan) and when these in turn, as Lafer (2004) argues, come into conflict with national economic or corporate interests, it is usually the latter that prevail. What is different about the neo-liberal advance is that the ‘true believers’ have been eased out of the driver’s seat and the techno-managerial state is now more directly targeted, not towards the preservation of an abstracted set of market principles but rather to providing for that particular set of interests now embodied within the new business and political elites a more insulated and powerful means of enforcing their own interests and, if need be, over the very principles of the market.

## Conclusion

Despite the apprehensions of many neo-liberals the neo-liberal project remains the dominant agenda within which the transformation of global political and economic life is moving. The competitive forces that drive global markets impose unrelenting pressures upon nations in the scramble for markets and investment and even the last redoubts of social democracy in Europe appear inescapably locked into the sort of deregulation of labour markets and social welfare regimes that drove neo-liberal reform in other social democracies in Britain and Australia two decades ago. The question is: how will these new market societies be governed?

While techno-managerial forms of rule offer to the ideologues of neo-liberalism the option of closing the door to predatory, rent-seeking opposition and extending the principles of the market into all facets of political and social life, more instrumental forms of state authority, defined by cronyism and populist social contracts, offer to the powerful beneficiaries of the neo-liberal revolution – including the new national and global business interests – the chance to harness the state to their more immediate interests. Such inner tensions are moderated generally by a common opposition to the principles of social democracy and to the ascendancy of the public sphere. Nevertheless, they indicate a central dilemma in the neo-liberal agenda that lies between the idea of the market and the market as a social order; between the defenders of the market ideal and its most powerful beneficiaries.

## Notes

- 1 I would like to thank several people for constructive comments on earlier versions of this chapter. These include Vedi Hadiz, Kevin Hewison, Wil Hout and Garry Rodan.

- 2 Hayek, who, like many neo-liberal theorists, proposes that economic freedom is the basis of political freedom, also argues that: 'Liberalism and democracy, although compatible, are not the same. The first is concerned with the extent of government power, the second with who holds the power. The difference is best seen if we consider their opposites: the opposite of liberalism is totalitarianism, while the opposite of democracy is authoritarianism. In consequence, it is at least possible in principle that a democratic government may be totalitarian and that an authoritarian government may act on liberal principles' (1967: 161).
- 3 Most recently, the allocation of lucrative tenders in Iraq, mainly the Halliburton contracts (Wedel 2004), have provided a focal point for criticism (see also Tabb, this volume).
- 4 Gowan (2004a) describes primacy as constituting: (a) a basic security dependency upon US by other states; (b) US management of the geopolitical and accumulation strategies of other major capitalist states; and (c) US claim on special rights and privileges outside stable rules and institutions.

# Index

- Aboush, Mohammed 179  
Abramovich, Roman 72–3  
Africa 98–113  
    clientelism 99–100, 108–12  
    equivocations 111–12  
    governance 107–8  
    implementation 105–7  
    neo-liberalism and governance 105–8  
    patrimonialism 110–11  
    sovereignty 100–3  
    structural adjustment 99, 103–5  
    success stories 108–12  
    *see also individual states*  
American Enterprise Institute 16  
Angola 101  
anti-globalization movement 146, 226–8  
Asian crisis 139, 140, 141, 229  
Asian Development Bank 91  
Åslund, Anders 63  
authoritarianism 201–5  
    and transparency 211–14  
Bank of Indonesia 87  
Berezovsky, Boris 65, 72  
Berry, Sara 102  
big-government conservatism 165  
Blair, Tony 170, 171, 220, 223, 224–5, 232  
Bolton, John 183  
Boot, Max 193  
    *The Savage Wars of Peace* 176  
Bork, Robert 183  
bourgeois triumphalism 170  
Bremer, Paul 176  
Bretton Woods 227–8  
Brittan, Samuel 23  
budget deficits 164  
*Building Institutions for Markets* 206  
Bulog 88  
Bush, George W. 13–14, 170, 171, 173–94  
    *see also US*  
Callinicos, Alex 229  
Camdessus, Michel 207, 208  
capitalism 13–14, 25–6, 160–2  
    nomenklatura 121  
    crony capitalism 178, 208  
capitalist class 160  
capitalist social democracy 159, 160–1  
Chavez, Hugo 234  
Cheney, Dick 164, 179–80, 183  
Cheney, Lynn 179  
Chernomyrdin, Viktor 61  
Chicago Boys 41  
Chile 39–57  
    anti-politicism 48  
    consumerism 49–51  
    depoliticization 45–9  
    disenchantment 54–5  
    future of neo-liberalism 55–7  
    Instituto Libertad y Desarrollo 48  
    macroeconomic stability 49–51  
    modernization of society 42–3  
    neo-liberalism in 40–2  
    political legitimacy 42–5, 49–51  
    technocratization 51–4  
China 114–31  
    blind investment 124  
    cadre kin 121  
    Cultural Revolution 115  
    decentralized socialism and fragmented proto-capitalisms 123–4  
    domestic economy 117–19  
    domestic-international nexus 124–6  
    future prospects 128–30  
    individual versus private ownership 118

- China – *continued*  
 Ministry of Commerce 127  
*nan xun* 118  
 party-state bourgeoisie 120–3  
 People's Bank of China 126–7  
 Special Economic Zones 124–5  
 State Development Planning  
 Commission 126–7  
 state-owned enterprises 119  
 Third Plenum 117  
 Township and Village Enterprises  
 118, 120  
 transition from socialism 114–17  
 World Trade Organization entry  
 126–8  
*xiaohai* 121  
*zhuhou jingji* 123
- Chinese Communist Party 115–16  
 Christian fundamentalism 184–5  
 Chubais, Anatoly 8, 61, 62–3  
 citizenship 237–40  
 civil authority 159  
 class structure 159–60  
 classical liberalism 21  
 clientelism 99–100, 108–12  
 Coalition Provisional Authority 177  
 Coalition of Service Industries 210  
 Code of Good Practices on Fiscal  
 Transparency 207  
 Code of Good Practices in Monetary  
 and Financial Policies 207  
 Cold War 101  
 common sense politics 162, 169  
 community 240  
 conforming conduct 242–6  
 conservative populism 16  
 consumerism 49–51  
 Contingent Credit Line 149  
 Corporate Transparency Index 212  
 corruption, as development problem  
 82–6  
 cosmopolitan democracy 222–3  
 Côte d'Ivoire 109  
 Cox, Robert 33  
 cronycapitalism 178, 208
- Da Silva, Lula 234, 236  
 decentralization 81  
 China 123–4
- Indonesia 89–94  
 Phillipines 92–3  
 Thailand 91–2  
 decline of neo-liberalism 125–56  
 democracy 29, 201–5  
 cosmopolitan 222–3  
 Democratic Republic of Congo 111  
 democratization 59–61  
 Deng Xiaoping 115, 118–19  
 depoliticization 45–9  
 disruptive strains 217, 230  
 Doha 226, 229  
 Dorn, James 202
- economic conservatism 21  
 economic constitutionalism 234–53  
 economic liberalism 21, 197–215  
 electoral support 31  
 empire 14–15  
 Enron 17  
 equality of opportunity 239  
 Ethiopia 101  
 European Stability and Growth Pact  
 231  
 Evans, Peter 229
- Foucault, Michel 101  
 free market 3, 4, 21  
 free market liberalism 21  
 Friedman, Milton 22, 218  
 future prospects 33–5
- Gafur, Abdul 93  
 Gaidar, Yegor 61  
 Gamble, Andrew 162  
 Gardiner, Sam 180  
 GATS 143  
 Gerashchenko, Viktor 62  
 Ghana 101, 109  
 Giddens, Anthony 220  
*glasnost* 58  
 global economy 26  
 global governance 223–6  
 Global Progress Commission 224  
 globalization 32  
 neo-conservatist view 166–9  
 neo-liberal 218–19  
 good governance 79, 83  
 Gorbachev, Mikhail 58

- governance 107–8, 138, 168–9, 208–11  
 good governance 79, 83  
 global 223–6  
*Governance in a Global Society* 226  
 government-linked companies 210–11  
 Gowan, Peter 157  
 Green, T.H. 247, 250  
 Gribben, David 179  
 gross domestic product 164  
 Gusinsky, Vladimir 72
- Halliburton 179–80  
 Harrington, Michael 156  
 Harvey, David 157  
 Held, David 222  
 Herfkens, Eveline 232  
 Heritage Foundation 16, 114  
 hierarchies 158  
 Hirst, Paul 222  
 Hobson, John 247  
 Hong Kong 202  
 Huntington, Samuel 84  
 Hussein, Saddam 185–6  
 Hyde, Henry 187
- ideology 3–5  
 Illiaronov, Andrei 72  
 IMF 22, 32, 43, 137, 201  
 Africa 103–4  
 Asian policy 139  
 Indonesia 87  
 US anti-IMF alliance 144–6  
 US Treasury attitude to 147–9  
 implementation 105–7  
 inclusion 241  
 Indonesia 10, 11, 79–97  
 Anti-Corruption Commission 95  
 bribery 93  
 corruption 82–6, 89–94  
 current directions 94–7  
*daerah tingkat I* 91  
*daerah tingkat II* 91  
 decentralization 89–94  
 economic crisis and neo-liberalism 86–9  
 electoral process 93–4  
*kotamadya* 90, 91  
*Masyarakat Transparansi Indonesia* 95  
 money politics 93  
 New Order 80, 81, 87  
 regime change in 79–82  
 Indonesia Corruption Watch 95  
 Indonesian Bank Restructuring Agency 87  
 information 205–8  
 insider privatization 121  
 institutions-based approach 83  
 international financial institutions 136, 167  
 International Forum on Globalization 228  
 International Monetary Fund *see* IMF  
 Iraq 174, 176–82, 185  
 Coalition Provisional Authority 177  
 privatization 177
- Jackson, Bruce 179  
 Jay, Peter 23  
 Jiang Zemin 128
- Kalla Kalla, Jusuf 90  
 Karzai, Hamid 181  
 KBR 181  
 Kenya 109  
 Keynesianism 22–4, 26  
 Khodorkovsky, Mikhail 72  
 Kirchner, Nestor 234  
 Kirk, Russell, *The Conservative Mind* 187  
 Klein, Naomi 176  
 knowledge gaps 205  
 Kristol, William 183  
 Krueger, Anne 152
- Laïdi, Zaki 223  
 laissez-faire strand 21–2, 31  
 Lal, Deepak 105  
 Lamy, Pascal 223  
 Latin America 39–57  
 Lavin, Joaquin 48  
 Lebedev, Platon 73  
 Li Peng 117  
 liberal authoritarianism 5  
 liberal conservatism 21

- liberty 202–5  
 Lichtheim, George 23  
 limitation of state powers 29  
 low intensity democracy 5, 12  
 Lukes, Stephen 101  
 Luzhkov, Yurii 68, 69, 70
- macroeconomic stability 49–51  
 Malaysia 10–11, 208–11  
 market citizenship 237–40, 248  
 market imperfection 205–8  
 market state 3–19, 74–6  
   protection from politics 3–6  
 market-based approach 82–3  
 market-conforming 242–6  
 markets 160–2  
   link to welfare 240–50  
 Masduki, Teten 95  
*Masyarakat Transparansi Indonesia* 95  
 Mayer, Jane 180  
 Meltzer, Allen 201  
 Meltzer Report 149, 201  
 military imperialism 175–6  
 Mill, John Stuart, *On Liberty* 204  
 Millennium Challenge Account 201  
   Goals 226  
 monetarism 26  
 Mont Pelerin society 21  
 Mozambique 109  
 Muhammad, Fadel 93  
 Muller-Armack, Alfred 244  
 Myrdal, Gunnar 84
- neo-conservatism 14–18, 156–72,  
 182–91  
   critique of 187–8  
   decline of 135–6  
   economic vision 159  
   and globalization 166–9  
   ideology 158–62  
   versus neo-liberalism 162–6  
 neo-liberal globalization 218–19  
 neo-liberal patrimonialism 8  
 neo-liberalism  
   future of 152–4  
   global agenda 221–6  
   hijacking 7–12  
   splits within 12–18  
   transplantation of 6  
   versus neo-conservatism 162–6  
 neo-paternalism 165  
 new forms of statecraft 7  
 New International Financial  
   Architecture 149–52  
 New Liberalism 246–50  
 new mixed economy 220  
 new public management 5  
 New Right 162  
 new welfare governance 234–53  
 Nigeria 109  
 Nivzlin, Leonid 73  
 nomenklatura capitalism 121  
 non-governmental organizations 148  
 North, Douglass 4
- oil 185–6  
 oligarchy 65–8  
 Olin, John Merrill 183  
 O’Neil, Paul 201  
 open door imperialism 189  
 Open Singapore Centre 213  
 ordo-liberalism 242–6
- Partnership for Government Reform  
 94  
 patrimonial oligarchy 8, 9  
 patrimonialism 110–11  
 Phillippines 81, 85  
   decentralization 92–3  
 Pinochet, Augusto 43–4, 45–7  
 Polanyi, Karl 33  
 Political and Economic Risk  
   Consultancy 86  
 political legitimacy 42–5, 49–51  
 political liberalism 197–215  
 political-ideological level 222–3  
 populism 5–6, 74–6  
 post-Washington Consensus 135,  
 136–41, 199  
 Potanin, Vladimir 65, 66  
 Preble, Christopher 188  
 privatization  
   China 120–3  
   insider 121  
   Iraq 177  
   Russian Federation 59–61  
   silent 110

- programmatic level 223–6  
 Project for the New American Century 183  
 Pronk, Jan 232  
 property ownership 246–50  
 proto-capitalism 123–4  
 public spending 164–5  
 Puteh, Abdullah 95  
 Putin, Vladimir 70–2  
  
 quasi-markets 165  
  
 Rasmussen, Poul Nyrup 216, 225  
 Reagan, Ronald 3, 4, 31–2, 159  
 religion, influence on US politics 184–5  
 Roberts, Pat 188  
 Robison, Richard 35  
 Roosevelt, Teddy 166  
 Ruger, William 187  
 Rumsfeld, Donald 183  
 Russian Federation 58–78  
   Benefits Bill 76  
   *Edinaya Rossiya* 75  
   *Edinstvo* 70  
   *Goskomimushchestvo* 61  
   *gosudarstvennik* 71  
   *khozhyaystvennik* 68, 69  
   *khozhyaystvo* 69  
   *Komsomol* 60  
   *krisha* 61  
   oligarchy 65–8  
   populism 74–6  
   *prikhvatka* 63  
   *prokuratura* 60  
   *razgosudarstvenie* 62  
   restoration of state 68–73  
   rise of private interest 59–61  
   *Rodina* 75  
   technocratization 61–5  
 Rüstow, Alexander 21  
  
 Sachs, Jeffrey 63  
 Scherer, Michael 178  
 Schröder, Gerhard 223, 224–5, 232  
 Schulte-Nordholt, Henk 88  
 Schulte-Nordholt, Nico 89  
 Seattle 146  
 security 166  
  
 self-interest 28  
 shock therapy 7, 8  
 silent privatization 110  
 Singapore 203, 208–11  
   Corporate Transparency Index 212  
   Open Singapore Centre 213  
   People's Action Party 209  
   Political Donations Act 213  
 Singapore Central Provident Fund 249  
 social capital 240  
 social citizenship 236  
 social conflict 158  
 social contracts 5–6  
 social democracy  
   in Europe 216–33  
   limits of future influence 228–33  
   neo-liberal global agenda 221–6  
   reform agenda 226–8  
   return of 219–21  
 social inequality 158, 159–60  
 social market 21–2, 242–6  
 social market economy 244–5  
 social neo-liberalism 5  
 Soeharto (ex-president of Indonesia) 79, 80, 84–5  
 Southeast Asia 79–97  
 Sovereign Debt Restructuring Mechanism 151  
 sovereignty 100–3  
 Special Data Dissemination Standard 207  
 state  
   limitation of powers 29  
   role of 163, 170–1  
   size of 29–30  
   strength of 163  
 state reform 28  
 state spending 30  
 Stiglitz, Joseph 200, 218  
 Strange, Susan 230  
 structural adjustment 99, 103–5  
 Subrananiam, Shivan 190  
 Summers, Larry 150, 151, 201  
  
 Tanzania 109  
 techno-managerial state 3–5  
 technocratization  
   Chile 51–4  
   Russian Federation 61–5

- Thailand 81, 85  
 decentralization 91–2  
 Thatcher government 29–30  
 Thatcher, Margaret 3, 4, 31–2, 159  
*The Progressive Manifesto* 222–3  
 third way 219–21  
 Thompson, Grahame 222  
 trade unions 27  
 transparency 197–215  
 and authoritarian rule 211–14  
 Transparency International 86, 87  
 true believers 12–18
- Uganda 109, 110–11  
 United States–Singapore Free Trade Agreement 210
- US  
 anti-globalization movement 146  
 financial services liberalization 143  
 1998 funding debate 144–6  
 Homeland Security Act 15  
 and IMF 142–4  
 influence of religion 184–5  
 neo-conservatism 182–91  
 Patriot Act 166  
 primacy 17  
 Project for the New American Century 183  
 Treasury attitude to IMF 147–9  
 War on Terrorism 175–82  
*see also* Bush, George W.
- von Hayek, Friedrich 23, 139–40, 160, 203, 218  
 von Mises, Ludwig 23
- wahhabism 166  
 Walker, David 178  
 Walters, Alan 22  
 War on Terrorism 175–82  
 Washington Consensus 32, 135, 136–41, 199  
 aftershock 141–7  
 welfare state 27  
 Williams, William Appleman 189  
 Wilson, Woodrow 166  
 Wolfowitz, Paul 157, 181, 183, 200  
 World Bank 22, 32, 94, 137, 201  
*Accelerated Development in Sub-Saharan Africa: an Agenda to Action* 103  
 Africa 103–4, 106, 111–12  
 anti-corruption strategy 83–4  
*Knowledge for Development* 205–6  
*Reforms Results and the Road Ahead* 104  
 support of Soeharto regime 81, 84  
 World Trade Organization 33, 143, 168, 216  
 China 126–8  
 World.Com 17
- Yeltsin, Boris 61, 70
- Zaire 101  
 Zakaria, Fareed 190–1  
 Zambia 109  
 Zaoh Ziyang 117  
 Zhu Rongji 119, 127–8  
 Zimbabwe 109  
 Ziuganov, Gennadi 65