

## CHAPTER 2

### **How Neoliberalism Got Where It Is: Elite Planning, Corporate Lobbying and the Release of the Free Market**

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#### **Introduction**

The argument of this chapter is that corporate lobbying organisations are at the forefront of organising and pursuing capitalist class interests through the promotion of neoliberal agendas and the planning of neoliberal projects (see **Birch and Mykhnenko**, this volume). These organisations exist to plan and implement policy, sometimes for a wide range of ruling class fractions and sometimes for a much narrower ideological base as a number of chapters in this book will later show (e.g. **Birch and Tickell**; **Jessop**, this volume). Either way, corporate lobbying has been at the centre of efforts to expand and globalise corporate power, to introduce and develop the ‘doctrine’ of neoliberalism that holds, as David Harvey (2005) has put it, that “market exchange is an ethic in itself, capable of acting as a guide for all human action”. In this sense, neoliberalism is the ideology of the emergent Trans-national Capitalist Class which has planned and constructed an architecture of global governance in response to threats from national

capital (e.g. Euroscepticism in the UK), from neoconservatives (e.g. internationalist American exceptionalists rather than narrow nationalists – see Diamond, 1995) and from the left.

However, the planning and implementation of the global architecture of neoliberalism depended on the organisation of interests. It was only possible to introduce neoliberal ideas in practice when enough members of the ruling class were either won over or become indifferent or constrained enough to make opposition futile; it was only possible, in other words, by preparing the ground. This has been a long-term process, as will be outlined in this chapter, and has depended on a battle of ideas, certainly, but also a battle to put certain ideas into practice, to win certain battles and to build concretely on these. It is certainly not the case that this was done in an abstract way in total divorce from national and global economic conditions. But nor was it the case that the economic conditions of the mid 1970s inevitably produced neoliberalism. It depended on the existence of a relatively coherent if inchoate and evolving set of ideas, an emergent class ideology to which increasing fractions of the ruling class could be won. If the neoliberals had to invent on the spot all the ideas and the concrete political victories they had won by the 1970s and then practically built on them, they would have tried but they would have been acting in (different) circumstances not of their choosing.

As might be apparent from this brief discussion it is my argument that the question of ideas is important in historical development as discussed elsewhere in the book (e.g. **Birch and Tickell**, this volume). The concept of hegemony is useful here, though it is important to specify that the ‘ruling ideas’ referred to here do not necessarily

become those of subordinated classes. Rather I refer to hegemony as the process by which ruling class fractions are able to exert leadership over closely related fractions and to forge ruling class unity on particular questions, even if only fleetingly. Of course this unity need not be total and may fracture quickly as has been the case arguably with the ruling class ‘realist’ opposition to the invasion of Iraq in 2003 and the peeling off of other elements of the ruling class when Iraq turned out not to be a ‘cake walk’. The other obvious way in which ruling class consensus is fractured is when ‘experience 1’ (as Edward Thompson called it) walks in ‘without knocking’(Thompson, 1978, p. 201). I refer of course to the financial crisis which has forced the entire apparatus of bankers, financiers, economists, politicians, regulators, journalists and other ‘experts’ on such matters to hurriedly rearrange their analysis of global finance (see **Shaoul**, this volume). A series of splits quickly emerge to be followed by regrouping and emergent ideological projects aimed at defending the castle of capitalism slightly further up the hill.

All of this does not emerge spontaneously from the economic circumstances in which the capitalist class find themselves. They need to discuss and debate, to wheel and deal to come to a view on their response. All of this is accomplished in a myriad of social circles and institutional locations from the golf course to the gentleman’s club, but is most obviously institutionalised in the elite policy planning organisations, the think tanks and the class-wide corporate lobby groups that have both distinct national characteristics – as I will show in relation to the UK – and cut across national borders in the extension of global corporate power. Sidney Blumentahl (2004, p.xix) notes in the introduction to *The Rise of the Counter Establishment* that his aim is to advance the argument that “ideas

themselves have become a salient aspect of contemporary politics”. He also writes that at the heart of what he calls the ‘counter-establishment’ “is an intellectual elite... attached to the foundations and journals, think tanks and institutes” (ibid., p.xx).

### **Putting the Architecture in Place**

As we will see, the architecture for elite global policy planning was put in place by means of lobby groups, think tanks, research institutes, corporate-sponsored foundations and so on. International groupings emerged gradually over the course of the twentieth century starting in 1920. In general, they developed in line with the three waves of business activism which can be identified in both the US and the UK in the Twentieth Century (Miller and Dinan, 2008).

Elite policy planning groups have a long pedigree. One of the earliest groups - set up in 1919 – was the Royal Institute for International Affairs (RIIA) based in London and often called Chatham House, the name of the building in which the Institute is housed. In the US the Council on Foreign Relations (CFR) — created in 1921 – performed a similar function. Both appear to have emerged from an organisation called the Roundtable set up to pursue a worldwide ‘Anglo-Saxon brotherhood’ uniting the empire into one state. This project was associated with imperial propagandist Lionel Curtis and other prominent writers, administrators and politicians (Mackenzie, 1986). Both the RIIA and the CFR remain key establishment organisations today. For example the CFR is the central upper

class foreign policy think tank in the US, whilst the RIIA has around 1,500 individual members and 267 corporate members (RIIA, undated).

These attempts in the UK and the USA (see **Birch and Tickell**, this volume), being largely successful at the national level, then opened up a window for the implementation of new structures of global governance. Such organisations, although set up in the early part of the twentieth century, remain important players in national and global decision-making. Furthermore, the process of globalisation was put in place by the conscious and calculated lobbying and long term policy planning carried out in organisations and networks like the Mont Pelerin Society (MPS), which aimed to win the ideological battle, and think tanks like the British Centre for Policy Studies and Adam Smith Institute along with the American Heritage Foundation and American Enterprise Institute, which aimed to put those ideas into practice (see **Birch and Tickell**, this volume).

The MPS, itself an ideological backlash, began on the slopes of Mont Pelerin above Lake Geneva in Switzerland. It illustrates the international and global dimensions of elite planning and policy-making. In the company of a “tiny band of economists, philosophers and historians”, the MPS was founded in 1947. It had the “war aim” of reversing “the tide of collectivism sweeping across Europe after 1945 from the Soviet Union westward to Britain already being converted into a socialist laboratory”, as one of its British acolytes Ralph (Lord) Harris put it (Harris, 1997). Their intent was the same as those who had met in Dean’s Yard in London in 1919 to found the first class-wide propaganda organisation (National Propaganda), namely to undermine popular

democracy in the corporate interest. Their intellectual bellwether, Friedrich von Hayek, declared “We must make the building of a free society once more an intellectual adventure, a deed of courage” (cited in Harris, 1997). The strategy was not to convince the public, who in the view from Mont Pelerin were mere followers of their betters, but to convince society’s intellectuals who were perceived to have been won over by socialism: “Once the more active part of the intellectuals have been converted to a set of beliefs, the process by which these become generally accepted is almost automatic and irresistible” (cited in Harris 1997)

The MPS sought to assemble at ‘agreeable’ venues around the world a ‘growing number of carefully vetted’ members to meet in ‘private conclave’ every year or two (Harris, 1997). Like contemporary professional lobbyists, these shock-troops in the battle for ideas ‘eschewed publicity’ preferring to work amongst the intellectuals and through sympathetic institutes and other back room methods. The result was a very wide range of think tanks across the world.

### **Elite Planning and the Rise of Thatcherism in Britain**

In the UK one of its early manifestations was the creation of the Institute for Economic Affairs (IEA) in 1955. The decision to refrain from overt propaganda or direct political action was taken at the first meeting of the MPS:

The group does not aspire to conduct propaganda. It seeks to establish no meticulous and hampering orthodoxy, it aligns itself with no particular party. Its object is solely, by facilitating the exchange of views among minds inspired by certain ideals and broad conception held in common, to contribute to the preservation and improvement of the free society (Hayek cited in Cockett, 1994, p. 116-7.)

The influence of Mont Pelerin has been extremely significant. Within a generation their ideas had been adopted by right-wing political movements everywhere and a further 10 to 15 years they had also successfully neutralised what was left of parties set up to represent the common interest. On her election in 1979 Margaret Thatcher elevated the head of the IEA to the House of Lords. "It was primarily your foundation work" wrote Thatcher in a letter of thanks "which enabled us to rebuild the philosophy upon which our Party succeeded in the past" (Quoted in Cockett, 1994, p.173). The IEA was the first of what would eventually become more than one hundred free market think tanks around the world.

The IEA was set up by Anthony Fisher in 1955. He was a chicken farmer who had gone to the US and discovered battery farming. With the money he made introducing intensive chicken farming to the UK he intended to go into politics. However, after reading *The Road to Serfdom* and discovering that Hayek worked at the LSE, he promptly made contact. Hayek inducted Fisher into the Mont Pelerin Society and advised a different course. According to Fisher's daughter "Hayek said 'don't go into

politics. You have to alter public opinion. It will take a long time. You do it through the intellectuals” (BBC 2006). So Fisher set up the IEA and at a Conservative Party meeting in East Grinstead met Ralph Harris who would run the new organisation. Harris was joined by another economist, Arthur Seldon, and they began the task of countering social democracy. They gained valuable allies a decade later when William Rees Mogg, the newly appointed editor of *The Times* asked Peter Jay, then a civil servant at the Treasury, to become a journalist. Jay was sent to Washington and there he came across the Chicago School of Mont Pelerin economists which included Milton Friedman. Jay was converted and *The Times* under Rees Mogg became a key propaganda outlet for market fundamentalism. But before the shift to the right came the events of 1968: the student uprising in France and the demonstrations against the Vietnam War in Britain. Revolution and change were in the air.

### *Post-1968 Blues and the Rise of Thatcher*

Even before the wave of protests in 1968, the lobby group Aims of Industry was lamenting that “capitalism in Britain has, for many years, been intellectually on the defensive” (Ivens, 1967, p.7). In the aftermath of the student revolt of 1968 and the rise of radicalism in the UK and across the West, the established propaganda organisations of capital – such as the Economic League and Aims of Industry - were joined by other pro-corporate groups. This period was the genesis of the third wave of corporate political activism, and was mirrored in the US at almost exactly the same time. In Britain, the



Institute for the Study of Conflict (ISC) was created in 1970 with money from, amongst others, the CIA and big business. Two-years later Nigel Lawson, a former editor of *The Spectator* who would later become Chancellor of the Exchequer under Thatcher, penned a pamphlet focused on 'Subversion in British Industry'. Lawson had been approached to write the pamphlet by Brian Crozier, the director of the ISC, who had been impressed by a Lawson piece in *The Times* which in Crozier's view "showed he understood the situation"(Crozier, 1993, p.106). They printed only 30 copies of the pamphlet as "the report was not for the wider public: the target audience was industry itself"(ibid.). Previously and with help from the Economic League and Aims of Industry, Crozier had managed to convert John Whitehorn of the CBI to the neoliberal cause. Whitehorn penned a memo appealing for more business support for the ISC and its collaborators, which also included extreme anti-democratic organisations like Common Cause Ltd and Industrial Research and Information Services Ltd (Ramsay, 1996).

During 1971 the President and Director General of the CBI had talks with a number of heads of companies who are worried about subversive influences in British Industry...they have also been in touch with a number of organisations which seek in their different ways to improve matters...Their objectives and methods naturally vary; and we see no strong case to streamline them or bring them together more closely than is done by their present loose links and mutual co-operation (Quoted in Lashmar and Oliver, 1998, p.166).

Appealing for the necessary funding from business the memo noted that the ISC:

...plans to take an increasing interest in the study of subversion at home, and has a research project on the drawing board on conflict in British industry to be carried out, if finance is forthcoming through case studies of conflicts in the docks, shipbuilding, motor industry, and construction” (ibid.).

Money was forthcoming and the ISC produced a special report on 'sources of conflict in British Industry', published just before the 1974 election. Naturally this was not presented as a report funded by business and it had its effect. Published with what Crozier describes as 'unprecedented publicity' in *The Observer*, the report was yet another attempt by corporate and intelligence interests to interfere with the democratic process (Crozier, 1993, p.108). The ISC's partners in subverting democracy, Aims of Industry, were also active in the 1974 election campaign spending £500,000 on anti-Labour advertising - including one advertisement with Stalin behind a smiling mask (Dorril and Ramsay, 1991, p. 230). The ISC was joined by other radical right organisations in quick succession, from the Centre for Policy Studies (1974) and the Freedom Association (1975) to the Adam Smith Institute (1976). The ferment of free market ideas and their networks were expanding. At the centre of this intellectual assault was the Hayekian obsession with extending free markets and, by association, corporate power. The political activists involved came directly from the circles nurtured by Mont Pelerin.

*Enter the Mad Monk: The Thatcherite Victory*

Keith Joseph "would do more than any other politician to develop the ideas behind Thatcherism"; he was instrumental in setting up the Centre for Policy Studies in 1974 to accomplish this task. Unlike the IEA, the proposed centre was to be self-consciously political, as Joseph put it: "My aim was to convert the Tory party" (Quoted in Cockett, 1994, p. 237).

Joseph was joined at the CPS by John Hoskyns, a systems analyst, and Norman Strauss, a marketing executive for Unilever. Hoskyns spent over a year figuring out what was wrong with Britain and representing it all in diagrammatic form. The problem was that everything seemed to be caused by everything else. Nevertheless Joseph introduced Hoskyns and Strauss to Thatcher whose interest prompted them to do more work on their model: "As they worked some of the things that Hoskyns had put in his diagram seemed to become more important than others. But one thing would come to dominate their thinking" (BBC, 2006). After all the scribbling it turned out that the trade unions were to blame and they had to be defeated.

The intellectual battle for market fundamentalism began to pick up steam as the alleged threat from the trade unions and the left persisted. The IEA sponsored a new think tank called the Social Affairs Unit (SAU), which was run by Digby Anderson, a far-right sociologist and Mont Pelerin member. Anderson had been encouraged by both Michael Ivens of Aims of Industry and Arthur Seldon of IEA in establishing the SAU. More important, as Cockett notes (1994), was that the emergence of SAU in 1976 marked

the arrival of the last of the think tanks which were key to the promotion and 'practical implementation' of Thatcherite market fundamentalism, especially in the form of privatisation and deregulation.

The move towards the privatisation of national assets and the deregulation of service provision in state institutions was not sparked by a simple decision at the centre of government. Privatisation of the utilities was not mentioned in the 1979 Conservative manifesto (Thatcher, 1993, pp.667-8) and was not really an issue in the 1983 election campaign (Wiltshire, 1987). Deregulation was the objective of key currents in the Conservative Party and also of certain business interests who were in a position to take advantage of it. The lobbying campaign for deregulation of NHS services was by all accounts extremely effective and had already started by the time of the 1978 Conservative Party conference. Industry trade associations met with the Minister of Health in October 1979, only five months after the Conservatives' election victory. However, alongside the promotion of specific Thatcherite policies, the new breed of think tanks, research institutes and their backers also directed their attention to subverting the Labour Party.

### *The Threat of the Left: Targeting the Labour Party*

By itself the victory of Thatcherism was not enough since the Labour Party still presented a threat as far as the business classes were concerned. Unlike the US where the Democratic Party had long since been pro-business, the British business lobby and their

allies in the worlds of intelligence, government and the military foresaw a longer-term struggle. One aim was the transformation of British society so that business would be free to do what it wanted. Government would simply be a mechanism for allocation of resources to business. Even at this stage, however, few of them saw that government might become like a business. A second aim, on which US based business and intelligence circles were especially keen, was to draw the sting of socialism in the Labour Party so that it was no threat to business interests. Both of these aims were largely accomplished in a remarkable period of political turmoil between 1979 and 1997.

Neutering the Labour Party was arguably a world historical accomplishment undertaken not simply by business, but also in alliance with government and intelligence agencies in the US and UK. A whole network of Atlanticist foundations, think tanks and front groups was at work in the trades unions, the media and academia to turn the left-leaning elite towards the US and away from social democracy, suspicion of big business, and opposition to US foreign policy.

The Atlanticist tendency within Labour was not new. But the split in the party in the late 1970s which culminated in the creation of the Social Democratic Party (SDP) was encouraged and exacerbated by US linked organisations often connected with the CIA. The US funded social democrats because this was a means of ensuring that European governments “continued to allow American capital into their economies with a minimum of restrictions”(Ramsay, 2002, p.33). But, for some sections of the movement for the restoration of corporate power, the Labour Party was simply not social democratic. It was seen as in the grip of the far left and indeed was said to be

“thoroughly penetrated” by the KGB, according to right-wing activists like Brian Crozier (1993, p.147). Crozier “had long nursed the idea” that the solution to the problem of a “subversive opposition” which “might come back to power could only lie in the creation of a non-subversive alternative party of government” (ibid.).

The interest of corporate funded think tanks and right wing US foundations in an alternative to Labour was clear. But the history books neglect to mention much in the way of trans-Atlantic connections of the Gang of Four, who split from the Labour Party to form the SDP, and their co-conspirators. They often miss out the well-known links of Shirley Williams with the right-wing Ditchley Foundation, or those of Robert MacLennan, a founder of the SDP, with the Atlantic Council, a pro-NATO policy group. Indeed all four leaders of the SDP had been 'career long' members of the American tendency in Labour. When the SDP merged with the Liberals to form Social and Liberal Democrats “one of the authors of the proposed joint policy statement was seconded to the job by his employer [CSIS] a propagandising Washington foreign policy think-tank much used by successive American administrations in pursuit of its foreign policy goals” (Easton, 1996).

More important are the connections of two of the other founders, Stephen Haseler, an academic at the City of London Polytechnic, who along with fellow lecturer Douglas Eden (a US national) formed the Social Democratic Alliance (SDA) and issued “a string of alarmist reports about the inroads being made into the Labour Party by the left” (Ramsay, 2002, p.35). Haseler had written a book condemning *The Death of British Democracy* in 1976. The SDA attracted the attention and the financial help 'on a small

scale' of Brian Crozier, the spook and corporate activist. As he notes, the “true story of its prehistory has not... been told”(Crozier, 1993, p.147). Crozier admits that he already knew both Haseler and Eden, the latter from early meetings of the extreme National Association for Freedom. The three met at Crozier's office in the Institute for the Study of Conflict – hardly an auspicious meeting place for members of the Labour Party (ibid., p.147-8). Haseler later worked for the right-wing, corporate funded Heritage Foundation and used Heritage money to set up the Institute for European Defence and Strategic Studies, intended to challenge CND in the 1980s (Ramsay, 2002, p.36).

Once the SDP was formed, several Labour MPs on the right of the party who had decided to join the SDP voted for Michael Foot in the leadership contest against the more right-wing Denis Healey. Their votes ensured Foot's victory and were intended as the death knell for the Labour Party. “It was very important” one of them wrote that they “destroyed” the Labour Party (Neville Sandelson quoted in Ramsay, 1998, p.92). The creation of the SDP not only split the anti-Tory vote at the 1983 election, but led to the defeat of the Labour left in the local councils in the mid 1980s and, before that, the miner’s strike in 1984–1985.

Even after these victories, the Atlanticists feared that their job was not done. Crozier's view was that the SDP project had been confounded by Roy Jenkins “unwillingness” to “use the party for the purpose for which it had been created” and play the role in history allotted to him by the machinations of Crozier, Eden and Haseler (Crozier, p. 149). Instead of attempting to “split the Labour Party”, he tried to attract Tory votes.

And so the problem of Labour - or rather the problem of popular democracy - remained on the agenda. In order to complete their project, the neoliberals needed to evacuate any meaningful content that democracy might have. They say this quite openly. Ralph Harris, reflecting on the history of the Mont Pelerin Society and the subsequent founding of the Institute of Economic Affairs, spells it out: “I now express our remaining war aim as being to deprive (misrepresentative) democracy of its unmerited halo” (Harris, 1997).

### **Global Elite Planning**

Such attacks on democracy are not limited to national politics. In fact, the last few decades have witnessed an increasing globalisation of elite planning. Understanding how global capital has managed to exercise such power and influence requires an appreciation of the role of transnational business lobbies and policy planning groups. The most significant of these are the International Chamber of Commerce; the Bilderberg Group; the World Economic Forum; and The Trilateral commission. All four are run by and for the biggest transnational corporations and often directly by their CEOs or other board members.

Two of these groups, the Trilateral Commission and the Bilderberg Group, are shrouded in mystery and are a conspiracy theorists dream. But these are neither fictions nor are they entirely secret. The Bilderberg Group was reported in the *New York Times* as early as 1957 and in 1964 it issued a press statement at the conclusion of its meeting



(Domhoff, 1971, p.302-3). All four represent policy planning, networking and coordinating groups that operate at the transnational level in the pursuit of a free market agenda.

*International Chamber of Commerce (1920)*

The International Chamber of Commerce (ICC) was formed very early on, in 1920/21. Although headquartered in Paris, the main impetus for its foundation came from “the experience of the business men of the United States in building up their great National Chamber of Commerce” (Keppel, 1922, p.189-210). At that time the ICC’s membership was made up of National Associations of Business, rather than direct company membership. It was one of the earliest lobby groups to campaign to harmonise rules for business internationally. For example, among the 21 resolutions unanimously adopted at the 1921 London congress of the ICC were opposition to “double taxation” on international trade, “removal of obstacles to commerce” and co-operation on standardization, urging the principle of “free export”, moderation in tariffs and “international protection of industrial property, including trade marks” (Keppell, 1922, p. 197-8), reflecting more recent concerns evident in the establishment of the WTO (see **Tyfield**, this volume).

Today the ICC is at the forefront of corporate lobbying against regulation. It is the largest international lobby group representing pure corporate interests – as opposed to

being a civil society body or a policy planning forum like the others noted below. It has some 7,000 members from over 130 countries

The ICC has a record of ‘massive lobby offensives’ to influence the WTO. Notably, the ICC starts from a basis of having the “closest links to the WTO secretariat” through the interchange of personnel between GATT/WTO, multinational corporations and the ICC. The Director General of GATT during the Uruguay round, which led to the creation of the WTO, was Arthur Dunkel who later became a WTO dispute panellist, a board member at Nestlé and the Chair of the ICC working group on International Trade and Investment, in which role he heads the ICC lobbying of the WTO (Balanya et al., 2003, p.137-8). These close connections are replicated time and again.

#### *Bilderberg (1957)*

The Bilderberg Group is one of the most secretive elite policy planning assemblies. It held its founding meeting in 1952 at the Bilderberg Hotel in Oosterbeek in the Netherlands, funded by both the CIA and the Dutch/British corporation Unilever. Bilderberg as a group has a more liberal history, being not simply a lobby group for global capital, but a policy planning and discussion group which also included political elites and even key representatives of organised labour (though union representation has declined in recent years) (Carroll and Carson, 2003). Nevertheless it has been a venue for the exercise of soft power by most of the largest global corporations including British

American Tobacco, BP, Shell, Exxon, IBM, Rio Tinto, General Motors and others (Balanya *et al.*, 2003, p.145).

Bilderberg is neither a prototypical world government nor an incidental discussion forum. Because of its more deliberative approach Bilderberg has managed to foster elite consensus. When consensus is reached the participants have “at their disposal powerful transnational and national instruments for bringing about” their decisions (Thompson, 1980, p.157). Indeed their meetings have “helped to ensure that consensual policies were adopted by the transnational system of the West”. However, in recent years the groups strategy has increasingly aligned with neoliberal reform agendas (*ibid.*).

At the centre of the Bilderberg Group are the key networkers, many of whom are also active in the other global networks discussed here. Etienne Davignon, for example, was on the steering group in 1997. A former European Commission Vice-Chair, Davignon has also been linked to the Trilateral Commission and through Directorship of Societe Generale de Belgique to the European Roundtable of Industrialists (ERT). In fact, Davignon was present at the inaugural ERT meeting when he was an EU commissioner. Davignon has also been a director of BASF, Fina and Fortis, all politically active TNCs.

A former delegate at Bilderberg conferences notes how these get-togethers relate to the other elite networking venues and events:

Bilderberg is part of a global conversation that takes place each year at a string of conferences, and it does form the backdrop to policies that emerge later. There's

the World Economic Forum at Davos in February, the Bilderberg and G8 meetings in April/May, and the IMF/World Bank annual conference in September. A kind of international consensus emerges and is carried over from one meeting to the next... This consensus becomes the background for G8 economic communiqués; it becomes what informs the IMF when it imposes an adjustment programme on Indonesia; and it becomes what the presidents propose to congress (Armstrong and McConnachie, 1998, cited in Balanya *et al.*, 2003, p. 146).

The former Labour Foreign Secretary, Denis Healey, writes in his memoirs how Bilderberg conferences were the most valuable of all the events that rising politicians on the moderate left were invited to (surpassing the CIA funded Congress for Cultural Freedom) (Healey, 1989, p.195). The level of debate and the quality of the informal contacts made at Bilderberg were useful throughout a political career. Healey revealed to a journalist (it is rare for Bilderbergers to allow themselves to be quoted on the record about the organisation) that:

We make a point of getting along younger politicians who are obviously rising, to bring them together with financiers and industrialists who offer them wise words. It increases the chance of having a sensible global policy (Ronson, 2001, p.299).

Another Bilderberg steering committee member revealed that those invited to the conferences are expected to “sing for their supper”. In 1975 Margaret Thatcher was embarrassed when this was pointed out to her over dinner. The next day “she suddenly stood up and launched into a three minute Thatcher special...the room was stunned...as a result of that speech David Rockefeller and Henry Kissinger and the other Americans fell in love with her. They brought her over to America, took her around in limousines, and introduced her to everyone” (ibid., p.297).

The key difference between Bilderberg and the ICC is in the range of non-business invitees. These are generally globalising bureaucrats, politicians and sometimes representatives of NGOs and trades unions who can either be relied upon to agree or have potential for co-option into the neoliberal agenda. The presence of people with a past involvement in radical politics is an indication that these are people that the corporations can, literally and metaphorically, do business with. For example, former Green Party activist Jonathon Porritt has attended.

#### *World Economic Forum (1971)*

The World Economic Forum (WEF) was set up in 1971 and meets annually at Davos in Switzerland. The Davos event is much less secretive than Bilderberg meetings as well as being larger. The WEF announces that it includes “1,000 top business leaders, 250 political leaders, 250 foremost academic experts from every domain and some 250 media leaders [who] come together to shape the global agenda” (Quoted in Balanya *et al.*, 2003,

p.148). The meeting aims to create a “unique atmosphere” which facilitates “literally thousands of private discussions”. According to long time Trilateral Commission participant and academic Samuel Huntington, “Davos people control virtually all international institutions, many of the world's governments and the bulk of the world's economic and military capabilities” (cited in Drezner 2007).

The WEF claims credit for launching the Uruguay round of GATT which culminated in the creation of the WTO, the most recent institution to join the International Monetary Fund (IMF) and World Bank as the institutions of global economic governance. Since 1999 growing numbers of protestors have turned up only to be repelled by Swiss riot police. In recent years the number of celebrities making an entrance as part of their 'goodwill' missions or to lobby the powerful had increased with Davos playing host to Angelina Jolie, the film star, and the ubiquitous Bono of U2 in 2006.

#### *Trilateral Commission (1973)*

The Trilateral Commission was launched by an informal transnational planning body of “unprecedented standing and organisational and ideological sophistication” by members of the Bilderberg Group, including David Rockefeller and Zbigniew Brzezinski in 1973 (van der Pijl, 1989, p.259).

A first common task was demarcated, the dismantling of the democratic welfare states, which were judged to enhance the structural power of the working class, and thus to be incompatible with the long term aims of capitalism (ibid.).

This message has been at the centre of its pronouncements since 1973. In 1999, for example, it recommended that: “Europe must become more competitive by deregulating labour markets and streamlining burdensome welfare systems” (ibid.). This has been the strategy of the European Commission and the neoliberal government of Europe since then. Leading on this agenda has been the UK along with Spain (under Aznar) and Italy (under Berlusconi). Latterly, from 2005, Angela Merkel joined the club of enthusiastic liberalisers and deregulators. The EU strategy is expressed in the Lisbon Agenda issued at the conclusion of the EU intergovernmental summit in 2000. The strategic goal set by the Lisbon Summit was for the EU “to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion” (CEC, 2001). However, in order to achieve this goal, the strategy recommends the dismantling of the European social model embedded in different national welfare states.

### **Conclusion: The Battle of Ideas**

The neoliberals understood the necessity of winning the battle of ideas but it was ASI and associated groups which understood the vital importance of putting ideas into practice. In 1988 Madsen Pirie of the Adam Smith Institute wrote:

The successes achieved by the new-style politics allowed for the rise of the attractive but erroneous view that the work of lonely scholars, their acolytes and their advocates had finally paid off. And brought results in its train. That these results had not come in the earlier administrations which attempted them was put down to a wrong climate or wrong personnel. In fact, it was wrong policies. It was the policy engineers, coming in the wake of the pure scientists of politics and economic theory, who made the machines which made events. The ideas had been sufficient to win the intellectual battle, but this was not enough. Men and women with spanners in their hands and grease on their fingers had first to devise the ways in which the ideas of pure theory could be turned into technical devices to alter reality. The idea at the core of micropolitics is that creative ingenuity is needed to apply to the practical world of interest group politics the concepts of free market theory (Pirie, 1988, p.267).

This approach was certainly a contrast to that outlined by Keynes in the conclusion to his great work *The General Theory*. He closed the book by noting that “I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas” (Keynes, 1936, p.383). Hayek had specifically singled out this passage for



praise in his opening address to the first Mont Pelerin meeting. Both economists differed then from the disciples of Mont Pelerin who thought that ideas alone were not enough. On this point Pirie was much closer to the practical ideas of Karl Marx who famously wrote in the *German Ideology* that:

We do not set out from what men say, imagine, conceive, nor from what men as narrated, thought of, imagined, conceived, in order to arrive at men in the flesh. We set out from real active men, and on the basis of their real life-process we demonstrate the development of the ideological reflexes and echoes of this life process. The phantoms formed in the human brain are also, necessarily, sublimates of their material life process, which is empirically verifiable and bound to material premises. Morality, religion, metaphysics, all the rest of ideology and their corresponding forms of consciousness thus no longer retain the semblance of independence. They have no history, no development; but men, developing their material production and their material intercourse, alter, along with this their real existence their thinking and the products of their thinking. Life is not determined by consciousness, but consciousness by life (Marx and Engels, 1976, p.40-1).

Perhaps strangely, Pirie and his colleagues at the ASI seemed to share with classical Marxism the idea that it is ideas in practical struggle that change things rather than ideas in the abstract. Certainly it was at the core of their mission to take forward the ideas

outlined by the Mont Pelerin Society and its various off-shoots (e.g. IEA, CPS etc) and put them into practice.

This they did to some effect. Of course this was hedged about with all sorts of contradictions and reversals. It should also be noted that the neoliberals as we now call them, did not have a clear blueprint either for the path ahead or for the ultimate destination. They certainly wanted to ‘restore’ class power as David Harvey (2005) puts it. Of course those who criticise Harvey for the use of the phrase, because of its implication that they had ‘lost’ class power, are right in the sense that social democracy still entailed class inequality and capitalist class power – in particular the specifically ‘capitalist’ state as Ralph Miliband (1973) put it in the 1970s. But it is correct to say that the impact of the neoliberal onslaught did deliberately undermine the sources of opposition – most notably in their attempts to destroy the trade union movement and the British Labour Party - and undermined the potential of ‘bourgeois democracy’ to return critics of the market. In this respect it is a restoration of power, taking back most of the gains made by the trade union movement and the forces of popular democracy, minimal though they might be argued to be. In addition though, they made it their business to help both themselves and their class allies to become much wealthier both in absolute and relative terms.

The role of ideas in all of this is pre-eminently in fostering ruling class consensus and unity, in brokering agreement and trade-offs. This is important as it allows seemingly far-flung allied fractions to sing from the same hymn sheet. But it also informs the lines taken further down the communication chains, when lobbyists and PR

people work on the ideas to try to find ways to make them palatable to the rest of us. In this way the ideas of the ruling class are disseminated across the society. While they may not, and most often do not, command the consent of the governed - and certainly not their agreement, they are in reality the 'ruling ideas'. It does require 'an enormous engine of indoctrination'(Miliband, 1973) to manufacture, distribute and reproduce such ideas, but it does not require that everyone believes and accepts them, only that enough people are misled and comply and not enough rebel.

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