

The Strange Birth (and Death) of NeoLiberalism

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‘Isms’ have ‘lives’ They germinate, burgeon, ripen, decay. And finally fall still. Thus passed Fascism, Communism. And one may add neoliberalism. For neoliberalism - the 20th c intellectual formation, fashioned largely Hayek, Friedman and Buchanan, raised on the Lockean triad of freedom, reason and utility; and impelled by a repulsion to power, force, and violence- is ‘over’. It is as dead as Fascism or Communism.

The death of liberalism has been announced before. And rightly so. By the First World War the liberalism of Mill, Constant, Tocqueville; the ‘liberalism’ of the Pope’s reference; was truly finished.

Neither did the later emergence of neoliberalism belie the many death notices of that time. For while the term ‘neoliberalism’ is intended by the Left diminish it – to reduce it to just a rerun of ‘laissez-faire’ - the liberalism of Hayek, Friedman and Buchanan is a distinct formation from that of the classic liberals.

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Neo-liberalism was distinguished from classic liberalism by shift in accent; a shift in accent from utility to freedom. Alternatively, and more speculatively, the difference lies not as much in neo-liberals' accentuation of freedom, but in a shift in the conception of freedom, from a partly material one of the 19th c. to an almost purely political-legal one of the 20th. For the classic liberals' esteem of freedom was animated and underlain by their esteem of individual 'independence'; an independence that was seen to consist of the satisfaction of one's own material needs by one's own labour and thrift. Accordingly, classic liberals were more hostile than neo-liberals to 'unearned income' (however freely earned); hostile to becoming 'rich in one's sleep' as Mill put it, in the manner of absentee landlords. (Henry George, it will be recalled, was a sturdy classic liberal). Consistent with that hostility was the classic liberal's possession of a distinct political program, with both negative and positive elements; a hostility to *ancien regime* structures, and a commitment to constitutionality, along with the rational reform of constitutions that would preserve constitutionality. Neo-liberalism, by contrast is in the large accepting, and rationalising, of its contemporaneous political order.

Thus is neoliberalism is not simply a repeat of liberalism. It is not simply defending, re-stating and preserving some older doctrine, but innovating. This innovation is an attribute off any liberalism, be it 'neo' or otherwise. For a key feature of liberalism is its attachment to enquiry. Man is ignorant, but may be made less so, by enquiry. It is on account of this attachment that the history of liberalism, more than any other ideology, is less a history of 'programs', parties, states and political strokes, and more the history of thinkers. That intellectual creativity is a vital force, its sign of life.

And the vital signs are dismal.

Consider The French Enlightenment – another movement primarily of thinkers. It became conscious that it was dying as the years rolled past 1750, because *there was no second generation*. Montesquieu was born in 1689, Voltaire in 1694, Rousseau 1712. Thereafter: only minor figures.

Can the same be said of Neoliberalism? Let's register the obvious fact of the birth dates: Hayek, 1899; Friedman 1912; Buchanan 1919. And later? Has there been a second generation? Baldly put: yes, One can, certainly, enumerate names of contributors to neo-liberalism coming to maturity after the Second World War than the First. But they do not constitute a second generation one can compare to the first.

And this is one reason why neoliberalism is 'over'.

In riposte one might refer to the total discredit of socialism, and the prevalence of a "Washington consensus". But would a neoliberal be elated by what they observe in the concrete 'Washington'? Or alienated? Real federal government spending in 2006 37 percent higher than the average for Clinton Presidency; sham deficit-financed 'tax cuts', bilateral trade deals busily proliferating. All justified (thankfully!) not in the name 'liberalism' – a term that was fabulously deformed in its westward passage across the Atlantic – but 'conservatism'. This conservatism, however, is not the conservatism of financial prudence, the esteem for precedent, a distrust of whatever is not, a nostalgia for the past in preference to an excitement over the future. Instead it appears to amount to a vision that sees all history as a history of culture war; a clash

of 'values', where some are superior to others, and thereby privileged. This vision obviously jars with the internationalism and universalism of neoliberalism, that does not see history as a clash of values; but believes that banal motivations and valuations are preponderant in all societies; and that (as Bentham put it) all human beings are indeed, equal, in their devotion to themselves.

The distance of the neoliberals from history-as-a-clash-of cultures is well illustrated by Hayek's remark in *Why I am not a Conservative*, where he notes with disappointment,

... the anti-internationalism of conservatism is so frequently associated with imperialism. ... the more a person dislikes the strange and thinks his own ways superior, the more he tends to regard it as his mission to "civilize" other - not by the voluntary and unhampered intercourse which the liberal favors, but by bringing them the blessings of efficient government.

But if Washington is alienating to the neoliberal, how profoundly dismaying must be Moscow? There was the scene of the extraordinary victory in 1991, won without a single war. It is now in the grip of a baldly Restorationist regime, that has chosen as its Little Emperor not even a Napoleon but a Fouché, who just days ago proclaimed the 'many glorious pages in ... the history of national state security organisations,". A favourite rhetoric of this regime is to identify 1991 and 1917, just in the manner of the Pope .

Why did Neoliberalism die? We might try to answer by asking ‘Why did it ever live?’. A seemingly satisfactory answer is that it was beget by 20th c totalitarianism; the nightmarish outcome to the most thorough attempt to abolish 19th c liberal order.

But to explain neo-liberalism in terms of totalitarianism is at best very incomplete explanation. For in the inter-war period – when neo-liberalism germinated -liberalism was more discredited to the average intellectual than socialism or communism. The predictable response to the horrors of totalitarian collectivism was not a rejection of collectivism, but a perfectly sincere (if misguided) impulse to a secure a *decent collectivism*; one that in economic terms amounted to a compound of Keynesianism, the Welfare State and ‘Planning’. The aspiration to a decent collectivism is very nearly conveyed in Arthur Koestler’s *The Scum of the Earth* of 1941

In economics: (A) Chaos or (B) Planning...

In politics: (1) Autocracy or (2) Democracy

If we combine A+1 we get the classical form of tyranny, buried forever by history. The combination B+1 produces totalitarianism that we reject. The combination of A + 2 produces plutocracy.... Remains B+2, which has not yet been tried and seems to be the only promising one... p287

A + 2 - what we would call liberal democracy - Koestler brands ‘plutocracy’. B+2; the planned, but democratic, economy is what he chmapions. The horrors of totalitarian collectivism would, alone, produce a Arthur Koestler or a George Orwell. But not a Hayek. To Hayek Koestler’s ‘B+2’ is just the road to serfdom.

I wonder, therefore, if the origins of neo-liberalism lie in the stimulus of a double pressure; on one side the massive threat of totalitarianism , but on the other side doubts (in others or themselves) about the adequacies in the weapons as presently forged. For liberals, the way of coping with the threat of collectivism (humane or cruel) was by dealing with the problems of liberalism. Their weapons needed to be forged anew. And in the post-war world they were so.

Thus Friedman explained the agonies of the Great Depression in terms of the incompetence of the state authority responsible for money supply.

Hayek took on the plausible presumption (of scientism and ‘planning’) that reason in the service of utility was antagonistic to freedom. He devoted himself to exposing the spuriousness of that antagonism, and socialism ultimately provided an amazing object lesson in Hayek’s vindication of the true congruence of freedom, reason and utility.

Buchanan challenged a false conception of ‘democracy’ that encouraged collectivism; that democracy amount to the articulation of a General Will by majoritarian institutions. The apparent kinship between democracy and collectivism had made democracy problematic for 19th century liberals, and – let it be noted – by F.A. Hayek. But to Buchanan democratic processes were a political analog of market processes, and their outcome was no more an expression of a mythical General Will than the outcome of ordinary markets was the expression of a non-existent ‘General Will’. Buchanan cut the tie between democracy and collectivism; and made it easier to be both pro-democratic and anti-collective.

But although neo-liberalism was intellectually a more formidable weapon than classic liberalism, it should be allowed that its steady burgeoning in the post-war period was not entirely a matter of intellectual merit. The internationalist, war averse, universalist mood of the post-war period was a sympathetic environment for infant neo-liberalism. In the post-war period 'neoliberalism' was for some of its lesser figures just a 'new way to be right wing' (Thus after experimenting with a very different ways to be right wing in the inter-war period, Bertrand de Jouvenel became a founder member of the Mont Pelerin Society in 1947.) That neo-liberalism was opposed to socialism allowed it to benefit from the protective shade of larger interests: thus the first British edition of *Road to Serfdom* was printed on what was, in fact, the Conservative Party's paper ration.

Such occasional good offices were all to the good. But the 'semi official status' that neo-liberalism sometimes achieved was a freak of times. Neo-liberalism, like the market, is fundamentally 'friendless'. It is hostile to the conceit and arrogance state; and the clamour for economic privilege from wealth. Wealth and power are its false friends that will only turn to austere doctrine only in their own weakness.