

NEOLIBERALISM AS AN IDEOLOGY

BY **MARCIN KRÓL**

The article constitutes an attempt to define the basic concepts behind neo-liberalism as an ideological form. Firstly, the author draws attention to the fact that for neo-liberals freedom is not the highest value or necessary state for the realisation of other values but merely an instrument. This instrument serves first and foremost economic progress, which in itself is not strictly defined. Secondly, the author differentiates neo-liberals from the libertarians with which they are often confused. For the former the economy is not one of the areas of life but the basis for social life shaping all others (including private life and culture). At the end the author points out that the social impact of neo-liberal ideology involves first and foremost a disturbance of those social bonds and trust which are fragile anyway in the period of a crisis for liberal democracy

Key words: neo-liberalism, liberalism, libertarianism, ideology.

Neoliberalism is not merely an economic project. It is neither limited to economy, nor invented by economists. I do not believe those thinkers who try to persuade one that neoliberalism is just a strong positive concept concerning the free market economy or – more simply – economic freedom. The following statement: the more free are individuals, the more successful is the economy in a given society or – perhaps – all over the world, is clear and purely ideological.

What does it mean that it is ideological? Without entering the immense field of discussing what is ideology, I would just say that the neoliberal thinking encompasses the economic, societal and cultural values. That it has its specific symbols, key words and passwords. Therefore the idea of limiting neoliberal impact to the economy is either a joke or a result of a very disturbing misunderstanding. Neoliberalism offers an idea of the meaning of life, of course a successful life, of the sense of individual freedom, of course successful freedom and of the idea of community, of course a failed community.

The background or philosophical roots of neoliberalism are very simple, not to say – primitive. Neoliberals like to see Adam Smith as their predecessor. This is totally wrong. Adam Smith was for the free market, the first philosopher who was so strongly for the free market, but he was for the free market for moral and not purely economic reasons. Those who have read *The Wealth of Nations* and skip reading *The Theory of Moral*

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Sentiments cannot claim that their ideology is based on Smith's ideas. So, who was the forefather of neoliberals? Obviously Herbert Spencer. Without his philosophical remarks we would not have either Friedrich Hayek or Milton Friedman. Hayek read Spencer's *The Man versus the State*, Friedman probably did not. None of them and their neoliberal followers read Spencer's writings on sociology, anthropology and morals. How do we know that somebody had not read the given books? It is evident when we see that the ideas (in Spencer's case very interesting ones) that reach farther than the economy are not discussed or are simply ignored. We can go further: neoliberals do not read Spencer, because just one quotation is for them sufficient: 'It is a mistake to assume that government must necessarily last forever. The institution marks a certain stage of civilization – is natural to a particular phase of human development. It is not essential, but incidental. As amongst the Bushmen we find a state antecedent to government, so may there be one in which it shall have become extinct. Already has it lost something of its importance. The time was when the history of a people was but the history of its government. It is otherwise now. The once universal despotism was but a manifestation of the extreme necessity of restraint. Feudalism, serfdom, slavery, all tyrannical institutions, are merely the most vigorous kinds of rule, springing out of, and necessary to, a bad state of man. The progress from these is in all cases the same – less government. Constitutional forms means this. Political freedom means this. Democracy means this. [...] Thus, as civilization advances, does government decay. To the bad it is essential; to the good, not. It is the check which national wickedness makes to itself, and exists only to the same degree. Its continuance is proof of still-existing barbarism. What a cage is to the wild beast, law is to the selfish man. Restraint is for the savage, the rapacious, the violent; not for the just, the gentle, the benevolent. All necessity for external force implies a morbid state. Dungeons for the felon; a strait jacket for the maniac; crutches for the lame; stays for the weak-backed; for the infirm of purpose a master; for the foolish a guide; but for the sound mind in a sound body none of these. Were there no thieves and murderers, prisons would be unnecessary. It is only because tyranny is yet rife in the world that we have armies. Barristers, judges, juries, all the instruments of law, exist simply because knavery exists. Magisterial force is the sequence of social vice, and the policeman is but the complement of the criminal. Therefore it is that we call government 'a necessary evil!'

This is the basis of the neoliberal thinking. But such a statement raises questions which concern the essence of the neoliberal ideology. Let us analyze the most important of these questions.

¹ Herbert Spencer, 'The Right to Ignore the State' [1851], <http://oll.libertyfund.org> (accessed: 14. September 2017).

IS FREEDOM A VALUE OR RATHER A WAY OF ACHIEVING THE PROGRESS OF CIVILIZATION UNDERSTOOD AS ECONOMY?

Liberals, not to be anyhow connected with neoliberals, understood freedom as a most important value (at least since Benjamin Constant). In the late 20th century Isaiah Berlin, author of the essay 'Two Concepts of Liberty' was criticized by Charles Taylor and others who argued that freedom, negative freedom is a purely formal concept. That we cannot feel or use something that is only negative, which therefore has no inherent meaning. Berlin finally agreed that freedom is both the most important value and the condition necessary for the implementation of other values. It means that in the contemporary liberal thinking (at least in the mainstream) freedom is treated as a state of existence. Liberals avoid teaching people what to do with this state of existence.

This is – object some philosophers – a luxurious position. Such criticism is well founded. In a sense it is as old as liberalism itself. John Stuart Mill understood freedom only as a freedom that is experienced, implemented, used and thought that only a tiny minority of human beings have enough courage to undertake 'experiments in living'.

Neoliberals are not bothered by these considerations. For them freedom is not a value or a state of existence, but simply a tool. Freedom is to be used for individual and consequently societal entrepreneurship. A free man is a rational being, utilitarian being, interested only in progress and due to their economic achievements the whole society is better or at least moves forward. What does 'forward' mean? That is a mystery. Economists and neoliberal philosophers refuse to give any concrete answer. It may be just an unending march or a state to be achieved, which either we have already achieved (Fukuyama) or which will be only achieved when every human being living on the earth undertakes this march (globalization).

In other words, liberals are optimistic and skeptical, neoliberals are deterministic and technical. The followers of neoliberal ideology debate only one question. How, but by what ways and means to achieve the best outcome of the rational endeavors of free human beings? How can we be sure that we have taken the best and shortest way of progress and accumulation?

This question has occupied the minds of the best neoliberal thinkers over the last three decades. When applied solely to the economy, this question is a valid one and very interesting for economists and for the politicians. And – as some eminent neoliberal economists and philosophers agree – it is a very complicated problem. Even the most ardent neoliberals cannot state without any doubt that all human beings are rational and that every human behavior is rationally motivated. Even the most ardent neoliberals do not believe that freedom is all that individuals need to start marching forward. And that the free market is a totally self-regulating institution. If not, what are we supposed to do? What are we permitted to do? That leads neoliberals to a second major question (also elaborated at length by Herbert Spencer).

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SHOULD THERE BE ANY KIND OF THE STATE AND HOW FAR IS THE STATE PERMITTED TO INTERVENE IN THE LIFE OF THE ECONOMY?

Neoliberals are not libertarians. Sometimes the two ideologies seem to be close to each other, but this is simply because of the political necessity. Neoliberals are not interested in the fate of the community and in social, educational, cultural problems. Their ideology has a strong impact on these and other spheres of life, but – in theory – this is not intended. Libertarians concentrate on our way of life, the economy is for them only one and not the foremost part of human social existence.

There is no one and definitive neoliberal concept of the acceptable state. Because of the specific understanding of the idea of freedom, neoliberals are unable to offer a serious suggestion of the relations between the state and individual human activities. There is a very big distance between those who believe in the minimal state in all spheres of life (as we have seen in Spencer) and those who concentrate on the limitations of state activity in economy and sometimes only in certain parts of economic life. Thus: prices should be state-free, but banks should accept some reasonably limited state control. Is the state needed from another, than a purely economic, point of view?

Neoliberals basically are not interested in anything outside the economy. The reason for that attitude is clear – everything is shaped by the economy. When critics raise the questions concerning obviously – it would have seemed – noneconomic spheres such as high culture, neoliberals once more take the position of Spencer and answer that the development of the economy leads to the development of civilization which leads to the development of all human activities, high culture included. Simple and nice.

They admire great American industrialists who – from Frick to Ford – created excellent museums or huge foundations. The recent economic crisis has not changed the ideology of neoliberals. It has only made them less arrogant in public life and strengthened the tendency to allow limited state intervention. Many of them, till very recently tough neoliberal economists, have started to have doubts. Nobody, of course, questions the mechanism of the free market, but neoliberals are less and less courageous in predicting macroeconomic changes. The argument that is used most often concerns the predictability of human behavior. In other words it is a beginning of economic theory that not only understands but also underlines the irrationality or rather a-rationality of human beings. Irrationality may be caused by emotions, by the lack of understanding or by the impossibility of understanding a situation where there are so many factors to be taken into account, that any general theory is impossible to construct.

How does it affect the attitude versus the state? Mostly neoliberal ideology would like to prevail in practice and to avoid the ideological language so widespread just twenty years ago. Only rare and vanishing theorists sustain therefore the claim that neoliberal civilization changes the world. The state is back: necessary and supposed to do everything that neoliberal changes are unable to produce. But the state is not anymore a welfare

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state. The state has lost due to, among others, the attacks of neoliberal ideology on the clarity of its role and function. Is it a controller only or a provider of hundreds of services that just thirty years ago it was supposed to leave to the inevitable civilizational progress? This is totally unclear and governments have lost their bearings.

WHAT IS THE IMPACT OF THE IDEOLOGY OF NEOLIBERALISM ON DEMOCRACY?

The ideology of neoliberalism describing the position of individual versus society or community is very close to the first, primitive version of the ideology of utilitarianism as defined by Helvétius. Free individuals directed by their rational thinking search successfully for their individual happiness or utility. The sum of these efforts creates a good society. The neoliberal version of the same statement would differ only in one point – individuals do not look for happiness, but for economic success. Both ideologies are radically individualistic. The community is only a mathematical summing of individual efforts. It is a vision which is in contradiction not only with communitarian thinking but also with classic liberalism from Smith to Berlin.

There are many arguments concerning the negative influence of neoliberalism on democracy: radical individualism, social Darwinism, survival of the fittest, unavoidable egoism. But the main and sufficient argument is that in the neoliberal ideology there is no place for democracy. Not because it is in contradiction with neoliberalism, but it is simply not needed. Self-government, the political activity of citizens or the influence of public opinion on the government are not needed and may become harmful for the overall civilizational success of the neoliberal project.

2008 saw strong voices saying that democracy may be harmful, but for sure was superfluous. Economists and some specialist in political theory suggested that even in the developed countries of the West, democracy hinders. The democratic process is slow, people cannot be knowledgeable, experts are a much better source of decision making. Therefore people (individuals) should have as much freedom as possible in pursuing their private liberty, but decision making on the macroeconomic and macropolitical level should not be influenced by the democratic chaos. Luckily for all of us who do not share this unlimited confidence in the expertise, the economic crisis immediately silenced these voices. Although who knows for how long?

The neoliberal ideology has already done its job and helped in the destruction of social networks, of the social glue and of – already weak for other reasons – communities. The best example are the changes in British society after the long rule of two neoliberals: Margaret Thatcher and Tony Blair. Another example is given by all thinkers who speak about the lack of trust or even about the democracy of distrust. It may well be only an impression that before the intervention of neoliberalism there was more of trust, but impressions constitute a part of the reality.

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The neoliberal ideology failed. There are very few that defend it now wholeheartedly. But neoliberal practice still prevails for two – rather obvious – reasons. There is no other proposal and we all are afraid of a substantial change.

If somebody thinks that I have gone too far in my description and criticism let me quote some kindred thinkers from another country:

‘Does it make sense to talk about people today living in the age of neoliberalism, or in a neoliberal society? Are the beliefs and attitudes contained in the attempted definitions really that widespread and influential? It seems to us wise to postpone giving a final answer to these questions. Maybe it is a bit boring as a solution, but perhaps truer and more accurate, to instead talk of an age of greater complexity, uncertainty, and volatility, rather than an age dominated by neoliberal ideology. And if that is the case, it seems that the concept of neoliberalism ought to be set aside as a description for a set of ideas which may in recent times have had some political impact, but which still remain, when viewed as a whole, an exceedingly radical ideology.’²

² Dag Einar Thorsen and Amund Lie, *What is Neoliberalism?*, <http://folk.uio.no/> (accessed 6 May 2017).