

Chapter 2: Neoliberalism, freedom, and openness

Neoliberalism is a complex and diverse phenomenon – to the extent that it may be more accurate to speak of 'neoliberalisms' – so any definition of it will of necessity be partial and contested. However, the term is often used ambiguously so it is worth clarifying at the outset. The intellectual history of neoliberalism's emergence – from 1930s German ordoliberalism, the work of Hayek, the second Chicago school of the 1950s–70s, and onwards towards 'applied' neoliberalism from the Thatcher and Reagan administrations to the 2007–09 financial crisis and beyond – has been explored by many scholars (e.g. Davies 2014, Harvey 2005, Mirowski and Plehwe 2009, Peck 2010, Stedman Jones 2012). This chapter will comprise a discussion of this history with a particular focus on a theoretical understanding of how *openness* is conceived within neoliberalism. I will come to define the political project of neoliberalism as the continual expansion of *markets*¹ and *market-derived forms of measurement and evaluation* into all areas of social life.²

After beginning this chapter with a discussion of the origins of neoliberal ideas in Austria and Germany, I will analyse the writings of Friedrich Hayek and Karl Popper with a focus on their conception of *liberty*. Popper wrote *The Open Society and its Enemies* (2003 [1945], 2003a [1945a]) as a defence of democracy against the totalitarian regimes of fascism and communism which Popper saw as restricting freedom.³ Hayek's work *The Road to Serfdom* (2001 [1944]) placed free markets at the centre of liberal strategies for achieving democratic freedom. For Hayek, free markets are meant to guarantee freedom for individuals – liberalism necessarily leads to freedom and any other form of political organisation leads inexorably to totalitarianism and thus a closed society⁴ (Hayek 2001 [1944], 2006 [1960]; Popper 2003 [1945], 2003a [1945a]; Foucault 2008: 110–11). Following further discussion of these ideas, I will move on to the Chicago School and the gradual adoption of neoliberal ideas by policymakers.

In the final section I will focus on the fact that early neoliberal theories concerning the connection between an open society and free markets do not appear to have borne out in reality. Neoliberalism in its contemporary manifestation no longer upholds liberal ideals of freedom and some scholars such as Wendy Brown and William Davies claim that it threatens the very existence of democracy. Brown (2015) argues that neoliberalism's economisation of

1 A *market* is a system (or social relation) for facilitating the exchange of goods, services, or information [citation needed – Callon 1998 (*The Laws of the Markets*)].

2 [If in a capitalist society the logic of capital already structures/saturates all of social life (Winn 2015), then is the difference of neoliberalism just the prioritising of *market* logic over other aspects? Is there a difference between the logic of markets and the logic of capital? What about *economic* thinking; not by definition capitalistic?]

3 The words *freedom* and *liberty* are used interchangeably by writers such as Hayek and Popper and the same applies to this chapter. [The relationship between *freedom* and *openness* will also be discussed.]

4 The term *closed society* is defined below in the discussion of Popper's *The Open Society and Its Enemies*.

all spheres of life results in a *closure* of political and social freedom, so all that remains is freedom restricted to the economic realm. If this argument is correct, then Hayek and Popper's belief that free markets will inevitably lead to a free democratic society is proven false. The uncoupling of neoliberalism and openness would also have strong implications for the open access movement and the policies it pursues, as discussed in Chapter 3.

The birth of neoliberal theory

The emergence of neoliberalism was a continuation and adaptation of liberalism under new political conditions. One genealogy of neoliberalism that depicts the ways in which it was a continuation of liberalism can be found in Foucault's analysis given in the 1978–79 lectures at the Collège de France. Later published as *The Birth of Biopolitics* (2008), in these lectures Foucault focused on understanding liberalism as a form of political rationality. For Foucault, the key rationale of liberal political rationality was to set internal limits on the reach of government and find an optimal balance between state governance and individual freedom⁵. Foucault places the historical emergence of liberalism as occurring in the mid-eighteenth century⁶ with the coupling of 'a regime of truth and a new governmental reason', or the market becoming 'a site of veridiction for governmental practice' (Foucault 2008: 33). Liberal political rationality refrained from interfering in markets in order to allow 'truth' ('true' or 'natural' prices) to emerge from the market through the price mechanism.⁷ Under this 'regime of truth' dominated by economics,⁸ the market is truth and therefore unquestionable.⁹ A version of this liberal political rationality was later pursued in post-war Germany by the ordoliberals in opposition to what they saw as the overreach of government under Communism, Fascism, and Keynesian economic policy, and by the Chicago school¹⁰ in opposition to US state planning of the Roosevelt era (Foucault 2008: 322). However, the theoretical origins underpinning this resurgence of liberal rationality can be traced back even earlier.

The seeds of neoliberalism can be found in the work of economists in 1920s Vienna, in particular Ludwig von Mises and Friedrich August Hayek (Gane 2014; Plehwe 2009: 11) who were constructing their ideas of a free market to counter the socialist economics and planning that had become popular across much of Europe (2009: 11). As neoliberalism evolved during the 1930s a strong critique of classical liberal economics was developed alongside the

5 [What does 'freedom' mean for Foucault? Freedom of the self to work on the self (see 'What is enlightenment', 'What is critique'. All individual actions are constrained by socio-historical circumstances.)

6 [The history of liberal democracy is also a history of free market capitalism. Liberal assumptions about what constitutes an 'open' way to organise society are imbued with notions of what constitutes economic freedom.]

7 [M.E.: 'What you might want to think is how certain sectors of the OA community also equate their open practices with truth. "If it isn't open, it isn't science" etc. in an era where science is the dominant paradigm of truth production.']

8 [a specific dominant "regime of truth" which masks others?]

9 [expand on the logic behind this]

10 The 'Chicago school' is used as a shorthand to refer to economists who worked or trained at the University of Chicago. See the section 'The Chicago School and the birth of neoliberal hegemony' below for details.

promotion of free markets, and as a result neoliberalism could be positioned as an alternative to the perceived failures of both liberalism and socialism (Denord 2009: 46). Multiple strands of neoliberal theory were already emerging at this early stage with differences between the Austrian economists, German ordoliberalists, and more libertarian perspectives. The [rest of this section] will explore the key ideas of these different strands especially with regards to liberty.

The term *neoliberalism* was not widely used in the 1930s. In Germany the phrase 'new liberalism' was used to describe ideas of economists such as Walter Eucken, Alexander Rüstow, and Wilhelm Röpke (Plehwe 2009: 12), who after the Second World War would become the lead architects of the new German social market economy (Gerber 1994: 58–62). It was at the Colloque Walter Lippmann in Paris, 1938 – the first international meeting of the new free market adherents, which brought together economists from Austria, Germany, France, and the US (Plehwe 2009: 12–13; Stedman Jones 2012: 31) – that a definition of neoliberalism was first proposed:

- the priority of the price mechanism,
- [the] free enterprise,
- the system of competition, and
- a strong and impartial state. (Plehwe 2009: 14)¹¹

Already by this time there was a division between the German ordoliberalism of Rüstow and Röpke, with its more interventionist bent and desire to leave behind much of classical *laissez-faire* orthodoxy, and the 'old liberalism' of Hayek and Mises whose views at this time were closer to a renewal of liberal ideas rather than a move beyond them to something altogether new (Denord 2009: 49).¹² The Austrian economists focused on 'the power of the price mechanism to allow the spontaneous organization of the economic life of autonomous individuals' (Stedman Jones 2012: 49) and downplayed the importance of regulating any aspect of the market. Despite these differences there was a great deal of agreement at the Colloque Walter Lippmann, especially on the fundamental idea that 'the state creates the framework within which competition is free', thus a neoliberal state is 'a regulator that punishes deviations from the "correct" legal framework' (Denord 2009: 50).¹³ Many of the individuals present at the meeting would later become founding members of the Mont Pelerin Society, which first met in April 1947 (Plehwe 2009: 12–15; Stedman Jones 2012: 31). Plehwe argues that the Mont Pelerin Society was vital to the foundation of a coherent ideology that transcended any one particular domain of knowledge (Plehwe 2009: 5; see also Plehwe and Walpen 2006: 31–40) and that close personal ties between Society members were

11 [check original, maybe in Hartwell?]

12 Rüstow referred to Mises as a 'paleo-liberal' – an unreconstructed 19th-century *laissez-faire* liberal – 'because of his seemingly unerring faith in the capacity of the market to self-regulate itself' (Bonefeld 2012: 9, note 11).

13 This idea of neoliberal state as regulator of freedom echoes Foucault's notion of a political rationality that determines where truth can be found. [I'm kind of equating *truth* and *freedom* here, which makes sense to me in this context but I'm not sure exactly why. US government is keen on this too.]

important to maintain cohesion and momentum over time (2009: 21).

Ordoliberalism was a school of thought which emerged in Germany from the early 1930s to the 1950s. (The term *ordoliberalism* itself was not used until 1950 (Ptak 2009: 108).) It was developed by economists including Alexander Rüstow, Wilhelm Röpke, and the Freiburg School led by Walter Eucken and Franz Böhm (Bonefeld 2012; Ptak 2009: 101). There may have been more similarities than differences between ordoliberalism and Austrian neoliberalism, but ordoliberalism was more concerned with maintaining social order and placed greater emphasis on the role of a strong state to intervene in the conditions which facilitate a free market, such as competition legislation (Ptak 2009: 101–02). Freiburg School economists believed that a liberal market society could only be guaranteed by embedding the necessary economic structures within a constitutional legal framework (Gerber 1994: 25–26, 44).

In the 1930s prominent ordoliberals such as Rüstow and Alfred Müller-Armack explicitly stated their belief that political freedom should be restricted in the service of the market economy (Ptak 2009: 110–11).¹⁴ Ordoliberalism became a coherent and significant school of thought during the Nazi era (1933–45) and some ordoliberals were directly involved in the Nazi regime (Ptak 2009: 112–19).¹⁵ The authoritarian streak present in their writings is by no means unique to this particular strand of neoliberalism, as discussed below [re: the Pinochet regime in Chile]. However, many of the leading neoliberal intellectuals were forced to emigrate during the war, lending credence to the claim that 'neoliberalism was a political philosophy developed by uprooted intellectuals in exile following the rise of Nazism' (Plehwe 2009: 14). The three key books which introduced so many to neoliberal ideas – Hayek's *The Road to Serfdom*, Mises' *Bureaucracy*, and Popper's *The Open Society and Its Enemies* – were all written in exile from the Nazi regime. The disruption of the Second World War and its

14 The extent to which neoliberals of all schools believed that political freedom *arose out of* economic freedom is discussed below. [I need to make this more explicit.]

[ordoliberal conception of freedom (see also note 33):

'Economic freedom is not unlimited. It is based on order, and exists only by means of order, and freedom is effective only as ordered freedom. Indeed, laissez-faire is 'a highly ambiguous and misleading description of the principles on which a liberal policy is based' (Hayek 1944: 84). For the ordoliberals, the sanctity of individual freedom depends on the state as the coercive force of that freedom. The free economy and political authority are thus two sides of the same coin. There is an innate connection between the economic sphere and the political sphere, a connection defined by Eucken (2004) as interdependence. Each sphere is interdependent with all other spheres, so that dysfunction in one disrupts all other spheres - all spheres need to be treated together interdependently and have to operate interdependently for each other to maintain the system as a whole. There is thus need for coordinating the economic, social, moral and political, to achieve and maintain systemic cohesion. The organisational centre is the state; it is the power of interdependence and is thus fundamental as the premise of market freedom. That is, the economic has no independent existence. Economic constitution is a political matter (Eucken 2004).' (Bonefeld 2012: 8).]

15 Hayek himself commented that 'the way in which, in the end, with few exceptions, [Germany's] scholars and scientists put themselves readily at the service of the new rulers is one of the depressing and shameful spectacles in the whole history of the rise of National-Socialism' (Hayek 2001 [1944]: 196). The acquiescence to Nazi rule by some economists was likely opportunistic rather than due to support for Nazi racial policy, for example Müller-Armack saw National Socialism as a useful means of social cohesion to support the strong state which he believed was necessary for economic freedom (Bonefeld 2012: 12).

aftermath put a stop to neoliberal developments in France (Denord 2009: 51) as the emphasis on *planning* in political discourse left little room for neoliberal ideas. In contrast, Germany in the immediate post-War period saw the construction of what could be claimed as the first neoliberal state – the Federal Republic of Germany. Here, the social market economy – which in part was designed by neoliberal economists – was presented as a 'third way' between capitalism and socialism (Bonefeld 2012; Ptak 2009: 120; Tribe 1995: 214–15) with a strong moral grounding to protect citizens from market forces (a hallmark of ordoliberalism). Ptak claims that the social market economy should really be understood as a strategy by ordoliberal economists to implement their ideas (Ptak 2009: 122–125).

Foucault argued that ordoliberalism must be seen as more than simply a restating of 18th-century liberal ideas. The ordoliberal formulation of statehood was 'a state under supervision of the market' (Foucault 2008: 116) wherein the essence of the market was competition. Ordoliberals understood that there is nothing 'natural' about market competition so the formal conditions for it must be created and maintained.¹⁶ Under this logic the role of the state is to move ever closer towards pure competitive markets – an idea which contains the seeds of the expansion of economising logic to previously non-economic domains. Ordoliberals were wary of what they saw as the inflationary nature of the state (Foucault 2008: 187–89). They claimed that the state's 'natural' tendency is towards continuous concentration of power, culminating in totalitarianism, so free markets – free from state interference – must be created in order to keep this power in check. The idea that free markets are important as a site of resistance to totalitarianism was also a cornerstone of the work of Hayek, the most influential economist on the early development of American neoliberal theory.

Hayek, Popper, and the neoliberal conception of freedom

Hayek's most explicitly political work can be found in *The Road to Serfdom* (2001 [1944]) and *The Constitution of Liberty* (2006 [1960]). In *The Road to Serfdom*, Hayek argued that fascism was the logical outcome of German socialism, and thus by extension if similar 'socialist' policies are pursued elsewhere, the inevitable outcome is fascism.¹⁷ This argument relies on a historical analysis of German social and economic policy during the interwar years and an assumption that under similar enough conditions the same outcome is inevitable

16 For more on the relationship between ordoliberal thought and the maintenance of social order via the rule of law and state security apparatuses, see Bonefeld (2012).

17 *The Road to Serfdom* contains a somewhat muddled blend of decrying others' acceptance of inevitability (Hayek 2001 [1944]: 3) while also proclaiming the 'inevitable' nature of socialism's evolution into fascism and totalitarianism (Hayek 2001 [1944]: 1–5). Hayek appears to state that nothing should be accepted as inevitable, but at the same time *if the path to socialism is pursued* it will inevitably lead to totalitarianism. (Totalitarianism can be defined as a political system that 'aim[s] toward a total negation of the individual' (Stedman Jones 2012: 68).) Alves and Meadowcroft (2014) try to address this contradiction by highlighting the nuances in Hayek's views on the 'inevitability' of planning's descent into totalitarianism and reminding us that Hayek did allow some role for a minimal social safety net, but this still leaves us without a clear answer to Keynes' objection to *The Road to Serfdom* – that Hayek admits that some level of state intervention in the economy is necessary but does not provide a way to determine where the level is set (Stedman Jones 2012: 66–68) and therefore the boundaries of intervention remain subject to change and the supposed danger of sliding into totalitarianism is still present.

(Hayek 2001 [1944]: 24–32).¹⁸ Since such an analysis relies on an argument by analogy, it can be countered on both factual and logical grounds by the presence of empirical evidence to the contrary. We now know that the actual path¹⁹ taken by Western liberal democracies²⁰ after 1945 was one of mixed economies: a blend of liberalism and socialism, freedom and planning. Following the economic crisis of the 1930s and the devastation of the Second World War, politicians in the UK and US turned to Keynesian economic policies, with an emphasis on social security and full employment (Stedman Jones 2012: 22–24). In the UK the word *consensus* is generally used to describe the political attitude towards the reforms inspired by the 1942 Beveridge Report²¹ and Keynes' macroeconomic ideas²² because the general direction of policy was supported by all major political parties from 1945 to the 1970s (Toye 2013). However, the private market economy was still central to economic activity. Nations which tended more towards the socialist end of the social democracy spectrum during the same period, such as Sweden, did not become totalitarian or even authoritarian regimes, while the explicitly neoliberal²³ regime of Pinochet in Chile did.²⁴ So we can see that history does not correlate with Hayek's argument. Alves and Meadowcroft (2014) argue that the empirical evidence shows that mixed economies have in fact proven to be the most stable form of macroeconomic organisation. The analogy in Hayek's argument is also weakened by questioning whether it was correct to assert that fascism was the logical outcome of German socialism. Although it could be argued that the Nazi party co-opted collective means of production for their own ends because they saw the value of doing so, this does not mean there is an inherent link between collectivist means and totalitarian ends.²⁵ Hayek's argument from analogy would thus not pass Popper's own falsifiability criteria (i.e. that scientific or rational theories may be disproved by a single counter-example).

Hayek saw liberalism and socialism as the two major strands of political thought at the time he was writing and set them in opposition.²⁶ Hayek argued that socialists and liberals both desired similar ends, but disagreed about the means of achieving them – liberals prioritise the market whereas socialists advocate collectivism. (Hayek used *collectivism* as 'an all-encompassing term that included Nazi and Soviet totalitarianism, New Deal liberalism, and British social democracy' (Stedman Jones 2012: 4, 32).) Hayek opposed collectivism because

18 Not all neoliberals agreed with this analysis; see Denord (2009: 58–59).

19 [add something on historical relativism]

20 Hayek only focused in any detail on Germany, France, the UK, and the US (with the Soviet Union providing a contrasting foil), so a refutation of his arguments can be similarly restricted.

21 [The Beveridge report was...]

22 Incidentally, Beveridge and Keynes were both members of the Liberal Party. The welfare state had begun to be constructed, albeit on a much smaller scale, by the New Liberal governments of Herbert Henry Asquith (1908–16) and David Lloyd George (1916–22) (Stedman Jones 2012: 26–27).

23 [M.E.: 'would that regime be called neoliberal by neoliberals? Seems never to be enough...'] More a never-ending process of neoliberalisation.

24 Augusto Pinochet ruled Chile from 1973–89 after taking power in a military coup. This will be discussed further below in the section 'The Chicago School and the birth of neoliberal hegemony'.

25 [The presence of the word *socialism* in National Socialism does not necessarily indicate an affinity with left-wing ideas...]

26 In the later (less polemical) work *The Constitution of Liberty* Hayek qualified this dichotomy and proposed that conservatism, socialism, and liberalism can be more accurately imagined as three points on a triangle (Hayek 2006 [1960]: 343–45).

it is the same means used by authoritarian regimes (Hayek 2001 [1944]: 33–35), claiming that it is not only economic freedom that collectivism stifles, but also freedom of thought (Hayek 2001 [1944]: 157–70).²⁷ Hayek's argument, following Mises (see Gane 2014: 8), assumes that there are only two ways of organising economic activity within society: central planning and market freedom (Hayek 2001 [1944]: 36–37).²⁸ Planning and competition are the two opposite poles and there is no room in his theory for coexistence or a mixture of the two – let alone alternative modes of organisation. Since all currently existing liberal democracies *are* a mixture of the two, Hayek's theory does not map neatly onto existing political experiences (Alves and Meadowcroft 2014). Interestingly, Hayek advocates the purposeful construction of frameworks to support competition with a market (Hayek 2001 [1944]: 37) and accepts that there are some areas in which competition cannot be usefully applied²⁹ (Hayek 2001 [1944]: 40). However, Hayek sees competitive systems as the only means of decentralising power (Hayek 2001 [1944]: 149). He assumes that if power is organised, it must be organised hierarchically. Analyses of decentralised, non-hierarchical modes of collective organisation can counter this view and will be discussed further in Chapter 4.

In the later work *The Constitution of Liberty* (2006 [1960]), Hayek writes at length on the problem of liberty and how best to sustain it. The first chapter is spent clarifying the meaning of freedom/liberty³⁰ and uses the negative sense – in Isaiah Berlin's terms³¹ – of *freedom from* coercion (Hayek 2006 [1960]: 11–13), i.e. 'independence of the arbitrary will of another' (Hayek 2006 [1960]: 12). One apparent contradiction immediately arises within Hayek's logic which demonstrates the profoundly political nature of choosing this particular definition of freedom. This contradiction is that in Hayek's view, the number of choices available to an individual has no bearing on their freedom. If an individual has a very constrained set of possibilities to action – even if only *one* possibility³² – Hayek still considers them to be free if they are not being made to act against their will (Hayek 2006 [1960]: 12–13). There is no place in this logic for structural constraints (e.g. class, wealth, gender etc.) to be considered as acting against freedom, and therefore no place for action to be taken by society to address them at the level of government policy. In retrospect it is clear that the logic of this argument for freedom, which Hayek claims to be the 'original' meaning of liberty, was created in a

27 The fear of collectivism present in Hayek's writing was heavily influenced by the European experience of the 1930s and the Second World War, and this will be discussed further below with regards to the idea of utopia.

28 Friedman (2002 [1962]: 13) makes this same assumption: 'Fundamentally, there are only two ways of coordinating the economic activities of millions. One is central direction involving the use of coercion [...] The other is voluntary co-operation of individuals – the technique of the market place.' Voluntary co-operation occurring outside of market transactions appears to be inconceivable in the version of neoliberalism presented by Hayek and Friedman's populist works.

29 [Examples: healthcare, basic primary education.]

30 As noted above, Hayek uses the words *freedom* and *liberty* interchangeably (see Hayek 2006 [1960]: 11, n.1).

31 'What is the area within which the subject – a person or group of persons – is or should be left to do or be what he is able to do or be, without interference by other persons?' (Berlin 2002 [1958]: 169).

32 'M.E.: 'or too many to be meaningfully considered?'

specific cultural context.^{33 34} It is about individual power relations only – a profoundly conservative view that means accepting the world as it is and seeking freedom from direct coercion of other individuals within existing constraints. It says nothing about changing the boundaries within which freedom exists – the very point of collective action. The tension between this conservative viewpoint and the possibility of change embodied by liberty is something which Hayek elides, simply claiming that 'the result of the experimentation of many generations may embody more experience than any one man possesses' (Hayek 2006 [1960]: 55). Isaiah Berlin, one of Hayek's contemporaries, represents an alternative liberal tradition when he writes that 'the extent of my social or political freedom consists in the absence of obstacles not merely to my actual, but to my potential, choices [...] absence of such freedom is due to the closing of such doors or failure to open them, as a result, intended or unintended, of alterable human practices, or the operation of human agencies' (Berlin 2002 [1969]: 32).

[bring all the stuff about earlier traditions of liberalism together here]

Hayek contrasts his definition of freedom with three others: 'inner freedom', 'freedom to do what I want', and 'political freedom'. It is the explicit differentiation of his version of freedom from *political freedom* (Hayek 2006 [1960]: 13) that is most relevant to this thesis. Hayek sees individual freedom and collective freedom – 'national' freedom, or 'absence of coercion of a people as whole' (Hayek 2006 [1960]: 14) – as related but distinct concepts. Excluding political freedom from his analysis requires ignoring a means by which people can collectively alter the conditions which structure their available options. In *The Road to Serfdom*, Hayek had claimed that political freedom cannot exist without economic freedom (Hayek 2001 [1944]: ?[13]?; Stedman Jones 2012: 68–71). When this argument is combined with the focus on a purely individualist definition of freedom, rather than collective freedom, Hayek essentially dismisses collectivist approaches to economic questions because collective political organisation is irrelevant to what is apparently his core concern – individual liberty. If liberty depends on individual economic freedom then government policy should be directed towards maximising that freedom.³⁵ Hayek reinforces the individual nature of freedom by using an individualist perspective in his definition of coercion.³⁶

By coercion we mean such control of the environment or circumstances of a person by another that, in order to avoid greater evil, he [*sic*] is forced to act not according to a coherent plan of his own but to serve the ends of another [...] Free action, in which a

33 [structuralist and post-structuralist/post-colonialist critiques?]

34 [Posits an absolute binary between determinism/voluntarism regarding responsibility for actions (Hayek 2006 [1960]: 63–65).]

35 [Did the ordoliberalists see a different relationship between economic and political freedom? They 'conceive of economic liberty as a construct of governmental practice. Economic freedom derives from a political decision for the free economy' (Bonefeld 2012: 6).] [The logic of democracy as a market in which you 'spend' your vote.]

36 [C.E. 'why does Hayek (and Habermas) ground his analysis of freedom within individualism? Trace private sphere back to enlightenment rationality.']

person pursues his own aims by the means indicated by his own knowledge, must be based on data which cannot be shaped at will by another

(Hayek 2006 [1960]: 19)

To counter this view, it could be argued that almost everything about the conditions within which an individual acts are determined by others.³⁷ Hayek's definition of coercion 'presupposes a human agent' rather than being 'compelled by circumstances' (Hayek 2006 [1960]: 117), as though human agents do not together construct the circumstances.³⁸ This definition of coercion could in fact be altered to include structural oppression if the term *person* is expanded to include *persons*, and *environment or circumstances* is understood as including indirect power relations.³⁹ Intriguingly, Hayek does once raise the spectre of oppression, stating that it 'is perhaps as much a true opposite of liberty as coercion, [and] should refer only to a state of continuous acts of coercion' (Hayek 2006 [1960]: 119). Hayek appears to be strongly against what have subsequently become the oppressive contemporary neoliberal methods of control (surveillance etc.). Alves and Meadowcroft have argued that 'Hayek did not foresee that significant government intervention in the economy could be compatible with the preservation of political freedom because he employed a narrow conceptualisation of freedom which led him to misunderstand the nature of and the relationship between economic and political freedom' (Alves and Meadowcroft 2014: 857). Hayek's narrow and incomplete idea of the nature of power in society (Alves and Meadowcroft 2014: 858) [cf. Foucault, Lukes] led him to false analyses about the role of government.

Hayek elucidated a difference between *law* and *commands* – abstract laws applying to all are different from commands issued by an individual (Hayek 2006 [1960]: 130–31). A central argument of *The Constitution of Liberty* is that laws cannot be considered to be restrictions on freedom – as long as they do not name individuals – because of this difference; they are not direct commands (Hayek 2006 [1960]: 134–35). A cursory understanding of the legislative process brings this claim into question; laws are created by individuals for particular ends which always have a political element. To state that legislators undertake their role with no intention to affect particular people once again relies on ignoring any collective element to society. For example, while it is true that legislation which reduces provision for disabled people and thus reduces their ability to access essential services is *not* a restriction on any *named individual's* freedom, because no individual is targeted, it is still very clear that disabled people as a group (and many individuals within this group) will be negatively affected by the legislation. So whether a law is considered to be an abstract entity applying to all, or a command issued in order to affect a particular known group of people, relies on

37 [?Foucault - all individual actions are constrained by socio-historical circumstances.]

38 The individualist conception of liberty ignores race, gender etc., and the systemic oppression of *groups* of people. It refuses to understand power relations as anything other than relations between individuals.

39 [something about discipline and biopower? Hayek's depiction of power correlates with discipline, and argues in favour of a shift to what Foucault would call biopower (but Hayek does not seem to recognise as a form of power).]

underlying assumptions about the collective nature of society.⁴⁰ In this light, Thatcher's assertion that 'there is no such thing as society' can be understood as part of an individualist approach to the nature of law and government.⁴¹

Hayek believed that an essential condition of individual freedom is the 'need for protection against unpredictable interference' (Hayek 2006 [1960]: 141), and thus it is vital to maintain the rule of law⁴² – but the rule of law presupposes that the effect of the law on individuals cannot be foreseen, a point which is highly questionable.⁴³

When considering the role of the state there is a direct link between freedom, as defined by Hayek, and free markets. As above, for Hayek a state's role in a free society is to protect the conditions by which individuals can act freely without coercion (Hayek 2006 [1960]: 20).⁴⁴ Similarly, the role of the state in a free market society is to protect the conditions by which individual actors[?] can act freely within the market. [Understanding freedom only in terms of individual market transactions.] Mises took the correlation between freedom and free markets even further and argued for the market *as* democracy (Stedman Jones 2012: 56–57).

[The case for freedom is that we are ignorant of most things, so for society to progress we must leave as much room as possible for experimentation. It doesn't seem to take into account people working together to share knowledge and ideas. Hayek sees the opposite of freedom to be one person telling another what to do. What about collaboration between equals? Hayek has nothing to say about this because of using such a narrow definition of freedom (freedom from coercion). He has nothing to say about *collective consensual control*. He *does* talk about co-operation in the name of competition (Hayek 2006 [1960]: 33).]

Hayek writes as if the principles of liberalism are universal principles underpinning freedom in all societies, as opposed to a culturally and historically contingent ideology: 'We must show that liberty is not merely one particular value but that it is the source and condition of most moral values' (Hayek 2006 [1960]: 6).⁴⁵ This claim has huge implications when we consider it

40 [again, discipline and biopower... According to Behrent, Foucault believed that 'when power targets populations, it can be significantly more accommodating of individual freedom than when, as with discipline, it places the individual squarely within its cross hairs' (Behrent 2016: 44). If Behrent's analysis is correct then Foucault agreed with the fundamental point of liberal theory, that leaving decisions to the market rather than the state leads to an increase in individual freedom. In reality we can see that the adoption by neoliberal regimes of technologies of surveillance, and the prioritising of 'compliance' with the neoliberal order, means that under neoliberalism individuals are subject to strict intervention in their behaviour. Behrent points out that Foucault focused on texts rather than neoliberal policy in practice (Behrent 2016a: 178). Had Foucault lived through neoliberalism's rise to global hegemony, would he have changed his mind about neoliberalism producing an increase in individual freedom?]

41 A famous anecdote about Thatcher (see Ranelagh 1991) tells that at a meeting in 1975, she slammed a book down on the table and said 'this is what we believe'. The book was *The Constitution of Liberty*. Thatcher's relationship with neoliberalism will be discussed further below in the section 'The Chicago School and the birth of neoliberal hegemony'.

42 [definition of 'rule of law' needed. Rule of law = limitations on legislation; must conform to higher principles.]

43 [clarify]

44 [Soft power – Marx/indentured servitude]

45 [is this a question which can be resolved through logic/reasoned argument, or does it have an empirical basis relying on historical and anthropological knowledge?]

alongside the narrow definition of freedom which he chooses: if liberty is society's primary source of morality, and liberty only refers to individual economic activity in markets, then *market transactions* are the site of morality. It is clear that when Hayek writes 'we' in *The Constitution of Liberty* he means the 'West' (Western Europe and North America) and from this narrow perspective he is willing to try to justify global inequality (see Hayek 2006 [1960]: 42–43).⁴⁶ Hayek claims that the theory of liberty was invented in England and France in the eighteenth century (Hayek 2006 [1960]: 49) and *laissez-faire* is a product of the French rationalist tradition and not the empiricist tradition of the classical liberals David Hume and Adam Smith whom he prefers (Hayek 2006 [1960]: 54).

The endeavor to achieve certain results by co-operation and organization is as much a part of competition as individual efforts. Successful group relations also prove their effectiveness in competition among groups organized in different ways. The relevant distinction is not between individual and group action but between conditions, on the one hand, in which alternative ways based on different views or practices may be tried and conditions, on the other, in which one agency has exclusive right and the power to prevent others from trying. (Hayek 2006 [1960]: 33)

Hayek's argument here is against monopoly⁴⁷ and exclusive control, rather than for or against a particular means of organisation (i.e. co-operation). [Is this the same as ordoliberal arguments?]

[The overall argument of the two books – *The Road to Serfdom* and *The Constitution of Liberty* – is that only a free market can provide liberty for all.]

[mode of governance based on a theory of what the law should be. Re-read Ch.15 on how this supports Hayek's economic policy. Hayek claims that distributive justice is not impersonal, which makes no sense. Can't progressive taxation be compatible with the rule of law?

[only the free market is compatible with the rule of law? Is this true?]

Hayek claims that the rule of law is necessary to have a free economy (Hayek 2006 [1960]: 195).

The state must not have monopoly control of an industry and be able to set all prices (Hayek 2006 [1960]: 196–200). [this only makes sense if a national market is a distinct thing, rather than part of an international market with porous borders – internal *production* may be fully regulated from within but if trade still goes on with external producers... Is globalisation a means of destroying the ability to form state monopolies? What role does international law play here?]

[whole book is about means not ends. *Cannot* state ends.]

[- Uses straw man argument about distributive justice – that it aims to judge how much each

46 Hayek believed that the best way to order human activity is not by planning but through uncoordinated individual actions by people acting in order to maximising their own self-interest – the free actions of the wealthy will subsequently benefit the masses (i.e. trickle down economics, the 'rising tide lifts all boats') so inequality is not only acceptable but necessary. Thatcher agreed with this position (McSmith 2011: 21).

47 [negative freedom]

individual deserves. This is clearly the exact opposite of socialist ideals of equality which aim to provide everyone with a roughly similar level of material comfort.]

[Rule of law is key to understanding Hayek's claim that liberalism is only way to oppose totalitarianism: if there are no limits to government action by a 'higher' natural law, then there is nothing to stop despotism (Hayek 2006 [1960]: 205–09). This strange logic leaves out the fact that a) 'natural law' is created by people, even if not an individual, and is subject to all the biases that entails; b) a despot who is able to take power can simply destroy the legal basis of 'natural law' anyway. He focuses too much on Germany as if the economic/legal conditions were the *only things* that led to Hitler's taking power and subsequent actions. Despotism is certainly not only present in socialist societies, and authoritarianism frequently occurs within capitalist/free market societies.]

[move this to a footnote somewhere] In contrast to his position in 1944 (*The Road to Serfdom*), by 1960 (*The Constitution of Liberty*) Hayek claimed that there was no need to consider socialism as a threat to liberty because it is no longer seen as a viable political project, but the distributive justice via progressive taxation is still using anti-rule-of-law means to achieve a specific aim so is a threat to the free market (Hayek 2006 [1960]: 222–24).

In the third and final section of the book Hayek turns to economic policy, which is now framed as a means of achieving liberty. [That final paragraph of Chapter 21 (The Monetary Framework)!] Hayek claims that controlling inflation through monetary policy should be the prime objective of any government that wishes to protect liberty from the forces of authoritarian control (itself?) (Hayek 2006 [1960]: 294). The implementation of monetarist policies by the Thatcher government will be discussed in the section 'The Chicago School and the birth of neoliberal hegemony' below.

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- 'Lippmann's work [*The Good Society*] discussed totalitarianism primarily with regard to the absence of private property, rather than the more commonplace reference to lack of democracy or countervailing political power' (Plehwe 2009: 13). [absence of economic rather than political freedom]

[Economic liberty for the few, not the many. If the majority of people are working class then economic liberty for most is increased power to labour (Tribe 2009: 75). 'Economic liberty' that prioritises freedom of markets (capital) rather than workers (labour) is a way of concentrating power in the hands of the economic elite. The social advances in health, education etc. from the mid-nineteenth to mid-twentieth centuries, due in large part to the work of trade unions and introduction of progressive legislation following greater enfranchisement, are notably absent from depictions of a 'decline' during this period claimed by neoliberal economists. The 'small state' of Britain in the early nineteenth century was a product of war and colonialism (Tribe 2009: 73). To pine for a return to the economics of this period (a period in which the bulk of public expenditure was on debt repayment and the

military) while ignoring the social context is to distort history through a narrow economic lens.]

- 'Through the twentieth century the transition from political to economic freedom became the signature of a neoliberal agenda' (Tribe 2009: 71). This transition was promoted by the ordoliberalists in a shift away from classical liberalism (Tribe 2009: 75; n.20). While Hayek invoked the imagery of classical liberalism, this rhetorical device masked the fact that he was also making the transition to an economics-first perspective in which economic freedom subsumes political freedom.⁴⁸

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The philosopher Karl Popper was a friend and compatriot of Hayek. Popper's work of political philosophy *The Open Society and Its Enemies* (2003 [1945], 2003a [1945a])⁴⁹ was written in political exile during 1938–43 and first published in two volumes in 1945.⁵⁰ It 'sketches some of the difficulties faced by our⁵¹ civilization' in 'the transition from the tribal or "closed society", with its submission to magical forces, to the "open society" which sets free the critical powers of man' (Popper 2003 [1945]: xvii). By making its subject the history of political thought, rather than dealing directly with contemporary economic conditions, *The Open Society* provided intellectual depth to more polemical nature of *The Road to Serfdom*. *The Open Society* is about the dangers of totalitarianism and the importance of resisting it. It is also about the development of *historicism*, i.e. the supposed inevitability of historical events proposed by social theories which claim to have found 'laws of history' (e.g. fascism, Marxism) (Popper 2003 [1945]: 3–5) (see Popper's *The Poverty of Historicism* for more detailed argument against historicism).

For Popper, belief in historical inevitability was not simply wrong, it also raised a practical problem: it eradicated the incentive to behave responsibly. It was easier for people to do nothing. Such a view was anathema to a defender of individual choice and freedom. (Stedman Jones 2012: 44–45)

Volume 1 of *The Open Society* largely consists of repudiating the historicism in Plato's theory of forms and thus the political theory derived from it. Popper uses the term *methodological essentialism* to describe the notion that 'it is the task of pure knowledge or "science" to discover and to describe the true nature of things, i.e. their hidden reality or essence' (Popper 2003 [1945]: 29). Popper focuses on Plato because that is where he identifies the earliest instance of a political philosophy which uses methodological essentialism as a justification for actively creating a particular kind of state. Plato proposed an 'ideal form' of society which has been inexorably decaying; the utopian state described in *The Republic* is a return to an earlier

48 [read Smith 1998]

49 The term 'open society' appears to have been coined by Henri Bergson in *The Two Sources of Morality and Religion* (1932). [add citation]

50 Popper had written *The Logic of Scientific Discovery* and *The Poverty of Historicism* in the 1930s but they were not translated until the 1950s. *The Open Society* was his first book published in English.

51 'Western' civilisation

Form.

Popper argues that the distinction between natural law (unchanging scientific laws of the natural world) and normative law (ethical and legal laws created and changeable by humans) is key to understanding Plato's theory.⁵² *Naïve monism* – the stage where 'both natural and normative regularities are experienced as expressions of, and as dependent upon, the decisions of man-like gods or demons' (Popper 2003 [1945]: 61) – is characteristic of a closed society. *Critical dualism* – 'a conscious differentiation between the man-enforced normative laws, based on decisions or conventions, and the natural regularities which are beyond his power' (Popper 2003 [1945]: 62) – is characteristic of an open society.

Plato uses history as method; in naturalism, in order to understand the nature of a thing (when 'nature' is equivalent to Form), we must understand where it came from – its origins (Popper 2003 [1945]: 77). So understanding society becomes a process of seeking the original Form rather than trying to understand society as it is now. Plato's utopian vision of the perfect state was reliant on his theory of the *biological* state, i.e. sustained by rigid class distinctions based on genetics and racial privilege – a clear precedent of the Nazi ideology Popper was writing against (Stedman Jones 2012: 42). According to Popper, Plato's political philosophy is derived from these principles (all change is bad and all stasis is good, back to nature/Form), and as such is totalitarian (Popper 2003 [1945]: 91–94). Plato's totalitarianism is a result of his historicism. In Plato's *Republic* individuals serve the state rather than the state serving individuals. Totalitarianism 'is the morality of the closed society [...] it is collective selfishness' (Popper 2003 [1945]: 114–15).

'Liberalism and state-interference are not opposed to each other' (Popper 2003 [1945]: 117).

Popper's defence of democracy is that it works by creating institutions to limit political power and thus avoid tyranny; it is a non-violent way of changing the institutions that wield power, and failures of democratic institutions are not failures of democracy but failures of the people who did not adequately manage or change them⁵³ (Popper 2003 [1945]: 132–35). For Popper, a key difference between approaches to political reform is that between *utopian engineering* and *piecemeal engineering* (Popper 2003 [1945]: 166–69). Utopian engineering requires that 'we must determine our ultimate political aim, or the Ideal State, before taking any practical action' (Popper 2003 [1945]: 167). Piecemeal engineering, on the other hand, recognises that it may not be possible to construct an ideal state – or at least, not in a short space of time – so strives to remove sources of harm from the world rather than fight for some ultimate good (Popper 2003 [1945]: 167). Popper's objection to utopianism is that it requires 'a strong centralized rule of a few, and which therefore is likely to lead to a dictatorship' (Popper 2003 [1945]: 169).⁵⁴ Popper argues that since there is no rational method of determining what the ideal should be, any divergence of views can only be resolved by resorting to violence (Popper 2003 [1945]: 170–71). [democracy = piecemeal] 'Purity' of an aestheticised politics.

52 Plato does allow that some social laws are natural rather than normative (Popper 2003 [1945]: 68).

53 [accountability]

54 In a footnote to this statement Popper clarifies that his use of the term *utopian engineering* corresponds to Hayek's depiction of centralised or collectivist planning (Popper 2003 [1945]: Ch.9 note 4, 318).

[link to 'end of history' – if collectivist planning is seen as necessitating total rapid change towards an explicit ideal goal, this is considered to be a discredited approach. Contrast with recent anti-idealist (but anti-neoliberal) counter/alter-democracy approaches e.g. occupy, Graeber.]⁵⁵

Popper defines closed societies as equivalent to 'magical or tribal or collectivist' societies, and open societies as those 'in which individuals are confronted with personal decisions' rather than relying on magical rituals and taboos (Popper 2003 [1945]: 186). A closed society maintains a rigid social hierarchy – 'the tribe is everything and the individual nothing' (Popper 2003 [1945]: 203). In the open society authority begins to disperse [leading to class struggle]. Individualism and personal responsibility come to the fore (Popper 2003 [1945]: 189), and humanitarianism and reason are virtues. By equating collectivist with 'magical or tribal' societies Popper is making a rhetorical move to claim that the rigid nature of small tribal societies also applies to all collectivist societies.

['one of the most important characteristics of the open society [is] competition for status among its members' (Popper 2003 [1945]: 186).]

An open society may (as in contemporary 'Western' democracies) become an 'abstract society' functioning largely through abstract social relations, such as 'division of labour and exchange of commodities' (Popper 2003 [1945]: 186), rather than concrete personal contact (Popper 2003 [1945]: 186–88). A closed society cannot.

Popper argues that commerce is key to pushing the transition from a closed to an open society (Popper 2003 [1945]: 188–190).

As with Hayek, Popper sees a dichotomy between two political systems, in this case closed (totalitarian/collectivist) and open. Political systems beyond this binary will be discussed in depth in Chapter 4. [However: Popper does use the word 'co-operation' as an example of an kind of [abstract] relationship in an abstract (and thus open) society. Does this mean co-operation and competition can at least co-exist, or that competition does not need to define *all* relations within an open society? Popper's definition of *collectivism* is 'a doctrine which emphasizes the significance of some collective or group, for instance, 'the state' (or a certain state; or a nation; or a class) as against that of the individual' (Popper 2003 [1945]: Ch.1 note 1, 216). Therefore Popper considers only co-operation between individuals with an open society, and not 'collectivist' co-operation between members of a group working for the good of the whole.] Popper was far more sympathetic to socialist ideas than Hayek or Mises – he agreed with the motives, just not the means [utopian planning etc.] (Stedman Jones 2012: 34).

[read Volume 2 of *The Open Society* on Hegel and Marx. Marxism's historicism is economism.]

Vernon (1976) has argued that Popper's 'open society' differs in significant ways from the version of liberalism pursued by Hayek – the openness Popper prioritises requires plurality of

55 [For a contradictory view of utopia from Hayek, see Stedman Jones (2012: 81–82).]

thought (Vernon 1976: 267), which is a central tenet of liberalism from John Stuart Mill to Isaiah Berlin but not to Hayek. Vernon argues that equating the freedom of exchange of *ideas* as directly analogous to freedom of exchange of *commodities in a market* – as Nik-Khah (2011: 139) points out, an equation that is also emphasised by Chicago economist Stigler⁵⁶ (Stigler 1963: 87–88) – is a logical mistake (Vernon 1976: 268).⁵⁷

[Difference between Popper and Hayek: only Hayek's analysis of freedom requires free markets as the only way to sustain it. [check vol.2 of *The Open Society*]

‘If the market plays no part in Popper's scheme, it is not merely because his focus of interest is different from Hayek's, but because the logic of the market differs fundamentally from the model of action that Popper's scientific paradigm assumes.’ (Vernon 1976: 268). [tie this in to the open/closure debate later.]

To what extent was Hayek using liberalism as a justification for constructing a new political project? Popper disagreed with the rejection of full employment as a fundamental aim of economic policy (Chmielewski and Popper 1999: 36; Stedman Jones 2012: 40).] Eidlin argues that Popper's primary concern in writing *The Open Society* was to provide a rational refutation of the claims of totalising political narratives such as that offered by Marxism (2005: 33). Popper may have believed that liberal democracy is the best form of government but he did not prioritise free markets above all else. Popper's political position has often been seen as closer to social democracy than free market liberalism (Eidlin 2005; Shearmur 1996).

Popper's focus on having liberal-democratic institutions and processes to maintain an area of life within which citizens have liberty is consistent with Berlin's negative liberty. In an introduction to his *Five Essays on Liberty*, Berlin set out a defence of his distinction between negative liberty (freedom from coercion – ‘over what area am I master?’) and positive liberty (freedom to act - ‘by whom am I to be governed?’):

Legal liberties are compatible with extremes of exploitation, brutality and injustice. The case for intervention, by the State or other effective agencies, to secure conditions for both positive, and at least a minimum degree of negative, liberty for individuals, is overwhelmingly strong. [...] The case for social legislation or planning, for the Welfare State and socialism, can be constructed with as much validity from consideration of the claims of negative liberty as from those of its positive brother, and if, historically, it was not made so frequently, that was because the kind of evil against which the concept of negative liberty was directed as a weapon was not laissez-faire, but despotism. The rise and fall of the two concepts can largely be traced to the specific dangers which, at a given moment, threatened a group or society most: on the

⁵⁶ See the following section for more on the Chicago school.

⁵⁷ ‘If goods become objects of intrinsic value rather than exchange value, they are excluded from the economic market, which depends on the application of a common measure to all commodities; while if opinions become commodities, and lose their intrinsic value or truth-content, they cease to have any relevance for debate. Similarly, there is a distinction to be made between a result and a conclusion; in a market economy, price, ideally, is a result of multiple choices, and not a conclusion reached by any individual or group.’ Discussions around the exchange-value of information are also relevant to debates on the value of digital goods (see Chapter 4).

one hand excessive control and interference, or, on the other, an uncontrolled 'market' economy. Each concept seems liable to perversion into the very vice which it was created to resist. (Berlin 2002 [1969]: 38–39)

Berlin argues that negative liberty cannot be used as an absolute principle to justify the construction of a particular political project, whether socialism or a market economy, without consideration of other factors. Liberal political philosophy generally accepts that this is the case and there are additional values – equity, fairness, justice – that are important and should not be ignored in favour of a total adherence to a singular conception of individual liberty. The neoliberal version of liberty, resting on absolute economic freedom above all else and rejecting the pluralism Berlin cherished, can thus be seen as an element of a political project to

Seen in this light, Popper's *The Open Society* is equally, if not more, at home in alternative liberal traditions to that occupied by Hayek and the neoliberal [...] [Popper strongly influenced Hayek but not those who followed.]

[Hayek obscured/erased the diversity of liberal thought.]

[End with a summary of the neoliberal conception of freedom? Include discussion of how the Anglo- and Euro-centric nature of neoliberal conceptions of freedom is problematic.]

[Summary:]

Hayek, Popper, and other Austrian and ordoliberal economists laid the foundations for neoliberal thought and rationality. Moving from these theoretical and ideological foundations to create a detailed body of policy was the result of sustained effort in the 1950s-70s, much of which occurred in think tanks. In the postwar period 'the neoliberal center of gravity shifted from Europe to the United States, especially the University of Chicago' (Stedman Jones 2012: 4). Next we will look at the Chicago School and how their version of neoliberalism was to become a dominant hegemonic political force.

The Chicago School and the emergence of neoliberal reason

The 'Chicago school' is a label applied to economists who worked or trained at the University of Chicago and falls into two related but distinct periods. The first Chicago school, led by Frank Knight and Henry Simons during the 1920s and 1930s, propounded similar ideas to those of Hayek and his colleagues at the London School of Economics (Stedman Jones 2012: 87). They were heavily influenced by the 'marginalist' ideas of Alfred Marshall, Leon Walras, and William Stanley Jevons – the idea that 'consumers would maximize their utility by matching their consumption to the prices of the various goods they wanted according to a rational order of preference' (Stedman Jones 2012: 90). The second Chicago school was founded in 1946 with a political aim of providing a detailed corpus of research supporting free market principles (Van Horn and Mirowski 2009: 140–158). It was initially formed (and bankrolled) at the behest of the Volker Fund and its president Harold Luhnow. Notable figures associated with the school include Milton Friedman, George Stigler, Aaron Director, Gary

Becker, and James Buchanan.

According to archival research by Van Horn and Mirowski based on correspondence between the people involved, Luhnnow's influence permeated the theoretical orientation of early participants in the Chicago school who had to adapt their liberalism to be more sympathetic to a corporatist agenda and, in contrast to earlier European neoliberals, accept centralised power and corporate monopoly (Van Horn and Mirowski 2009: 157–158; Stedman Jones 2012: 7, 88).⁵⁸ The Chicago school was intimately connected with the Mont Pelerin Society, with the same figures – notably Hayek⁵⁹ – instrumental in the founding of both (Van Horn and Mirowski 2009: 158–159). Defining features of Chicago School include the drive to 'reengineer the state in order to guarantee the success of the market', equating freedom with self-interest, and seeing politics as a market process (Van Horn and Mirowski 2009: 161–163). Under this paradigm the tendency towards social regulation, already well-established by ordoliberal economists, was adapted in terms of *economizing* social regulation and pushing free market ideas into new areas, such as law and education (Stedman Jones 2012: 92–93). Chicago school economists' thought was characterised by 'more strident advocacy of free markets, deregulation, and the power for incentives of rational expectations' (Stedman Jones 2012: 8).⁶⁰ Social and economic inequality was seen as necessary for progress and Chicago economists were less concerned about social safety nets (Stedman Jones 2012: 8–9). Friedman's critique of Keynesian economics, especially demand management⁶¹, became highly influential and his theories about inflation known as monetarism became a defining aspect of neoliberal economic policy. Monetarism is the idea that control of the money supply should be the central concern of macroeconomic policy, in order to produce stable markets and low inflation.

In 1960s the 'rational choice theory' of George Stigler, James Buchanan and Gordon Tullock,⁶² and William Riker was influential in 'extend[ing] the analysis of man as a utility-maximizing individual into the realms of politics, government bureaucracy, and regulation' (Stedman

58 For a detailed treatment of the conversion of Chicago neoliberals to accept monopoly, see Van Horn (2009). Gerber suggests that the German experience of cartel activity under the Weimar Republic is responsible for the ordoliberals' tough anti-monopoly stance (1994: 28), so the differing situation in post-War United States may contribute to [...]

59 Hayek moved to Chicago in 1950 as a Professor in the Committee of Social Thought rather than in the Economics department (Stedman Jones 2012: 91).

60 [C.E. - 'privileging a specific form of classical liberalism and opposing welfare liberalism.']

61 The economic theories of Keynes had dominated economic policy in liberal democracies from 1945 until the 1970s. Keynesian economics is defined by concentrating policy towards full employment, and a strong welfare state. 'Demand management' is the idea that in a depressed economy, governments should increase expenditure and investment – using borrowed funds if necessary – to increase consumer demand in order to stimulate a recovery (Stedman Jones 2012: 184). Keynes had also been instrumental in setting up the Bretton Woods system of international finance based on fixed exchanged rates in the wake of the Second World War, leading to the construction of the World Bank and International Monetary Fund. [One of Friedman's distinctive policies was to end fixed exchange rates, which the US did in 1971.] Keynes died in 1946 so 'Keynesian' policies generally refer to later policies inspired by his work. For more on Keynes see Skidelsky (1983, 1992, 2000).

62 Buchanan and Tullock were trained at the University of Chicago and then founded a research program at the Virginia Polytechnic Institute, commonly referred to as the Virginia school (Stedman Jones 2012: 126–130).

Jones 2012: 126). Rational choice theory was influential in expanding rational choice models from neoclassical economics into new areas (a defining feature of later neoliberalism) (Stedman Jones 2012: 88).

[was it the Virginia school public choice theory that was responsible for the extending and deepening of market-based approaches to non-economic spheres?]

[more on human capital/Becker]

Friedman's *Capitalism and Freedom* (2002 [1962]) was a populist book that was the outcome of the project began over a decade earlier by Luhnnow at the University of Chicago to produce an American *Road to Serfdom* (?Van Horn and Mirowski 2009?). *Capitalism and Freedom* is about the connection between economic and political freedom, with Friedman claiming that economic freedom is 'a necessary⁶³ condition for political freedom' (2002 [1962]: 4). (Despite strong proclamations such as 'the greatest threat to freedom is the concentration of power' (Friedman 2002 [1962]: 2), Friedman doesn't actually define freedom.) By refusing to see the economic and political as distinct spheres, Friedman moved the policy discourse closer towards bringing economic logic to bear on previously non-economic domains (see the section 'Neoliberalism as closure' below). For example, with regards to education Friedman advocated a voucher system which he claimed would stimulate freedom of choice and drive standards higher (Friedman 2002 [1962]: 89–90).

'the vision was still very much a utopian one, centered on a fantasy of the perfect free market' (Stedman Jones 2012: 86).]

[Talk about how although Popper's scientific rationalism may have underpinned Friedman's conception of Rational Economics (Stedman Jones 2012: 37–38).]

[difference between earlier Hayekian view of liberty and that of Friedman. Friedman glossed over liberal concerns regarding concentration of wealth etc., leading Smith (1998) to argue that Friedman should be more accurately considered a libertarian than a liberal. [This has implications for the policy developed under Friedman's influence.]

'private property is itself a system of power which not only enlarges but also limits the range of choice. Liberals clearly understood this fact. It is clear that Friedman does not.' (Smith 1998: 92).

In *The Limits of Neoliberalism: Authority, Sovereignty and the Logic of Competition*, Davies (2014) discusses neoliberal *authority* – which is dependent on economics for legitimacy. With an emphasis on competitive markets and rational self-interest, Davies sees 'an attempt to replace political judgement with economic evaluation' (Davies 2014: 3) as the core political project of neoliberalism. This replacement obscures the fact that the authority of empirical claims cannot be exercised without the existence of shared assumptions about moral principles. Davies posits that the empirical claims of neoclassical economics rely on

63 ...though not sufficient. Friedman admits that it is 'possible to have economic arrangements that are fundamentally capitalist and political arrangements that are not free' (Friedman 2002 [1962]: 10). The extent to which Friedman's argument – that economic freedom is necessary condition for political freedom – is unsuccessful has been discussed further by Smith (1998).

normative and tacit rules to underpin its authority; if these norms are no longer seen to be coherent then the authority and legitimacy of economic claims – and thus the entire neoliberal project – is challenged. [Here we can see a link with Foucault's analysis of liberalism mentioned above, in which the legitimacy of the liberal governing rationality is coupled with truth production – truth emerges as a product of market activity, and this capacity for truth generation imbues legitimacy on the governing rationality which enables it.]

Davies develops the idea that competition is the central organising principle of neoliberalism. Competition inherently results in an unequal outcome so neoliberal theorists encourage inequality as a hallmark of a well-functioning competitive system such as a market. Herein lies the 'paradox' of competition: neoliberals recommend active intervention by the state to promote competition, rather than a laissez-faire liberal view of letting competition arise as an emergent property of market relations. Foucault argued that liberalism already inherently fulfilled this function of creating and managing freedom (Foucault 2008: 63–65). [Neoliberalism is heavily interventionist⁶⁴ but at the level of social policy to support the market, rather than intervening in the market itself (Foucault 2008: Ch.6).]⁶⁵ '... the conditions for its success must be *constructed*, and will not come about “naturally” in the absence of concerted effort' (Van Horn and Mirowski 2009: 161). [Plehwe (2009: 10) argues that the primary concern of MPS neoliberalism was 'the problem of how to secure a free market and to appropriately redefine the functions of the state in order to attain that goal'.]⁶⁶

As neoliberal theory evolved in the decades following Hayek's early work, *competition* – rather than *competitive markets* – began to be seen as the primary organising principle of economic exchange. Davies outlines two theories which illustrate this point: Coase's work on transaction costs, and Schumpeter on entrepreneurship's ability to promote uncertainty in capitalist markets by 'creative disruption'. Both these theorists' work shift the discourse away from pure markets and towards a system where power and hierarchy can wield influence through competitive personalities. In these theories Davies identifies metaphysical assumptions which act as the tacit norms which neoliberal theory relies on for authority – if these assumptions fall short then this authority dissipates. The definition of 'competition' relies on competitors to have some degree of equality at the outset and some shared rules to abide by, and result in inequality. The two norms of justice (equality) and violence (inequality) must both be present and in tension in order for competition to exist.

Davies outlines how the neoliberal ideas of the Chicago School of Law and Economics, which under Director's leadership in the 1960s shifted theory away from 'market fundamentalism' by becoming increasingly sceptical of whether the state should play a prominent role in

64 [another instance of 'strategic forgetting']

65 ME: 'the interesting thing here, I thought, is that theoretically if a free market really works, it's impossible to continue to generate profits off a single idea because the competition erodes the margin down to zero. It might be worth examining how some of the ideologies of right free-market economics actually correlate quite closely to social utopianism etc. (but how it never works in practice).'

66 [what is the role of inheritance?]

intervening in the market in the name of efficiency, became normalised within law. In effect this influence sought to replace legal ideas of *justice* with neoliberal economic ideas of *efficiency* – or to put it another way, judges should apply economic reason rather than the rule of law (Plehwe 2009: 31) – a prime example of the expansion of 'market-based principles and techniques of evaluation' into a realm outside of economics. From the late 1970s Chicago School ideas became dominant within competition law in the US and from the 2000s in the EU, leading to a decline in regulatory intervention.⁶⁷

As with the replacement of traditional legal authority with economic judgement, the rise of notions of 'national competitiveness' transformed state authority into a form of strategic decision-making imported from business strategy. Competitiveness became the measure of success at all levels of leadership, whether national/supranational or in the individual firm – representation and democratic accountability are no longer the primary sources of legitimating authority.

Davies clarifies the distinguishing feature of *neoliberalism* as being the expansion of 'market-based principles and techniques of evaluation' into all areas of society (Davies 2014: 21–22). Neoliberalism is concerned not purely with the expansion of *markets* but with *market-derived forms of measurement and evaluation*.⁶⁸ The 'economisation of everything' described by both Davies (2014) and Brown (2015) builds on the work of Çalışkan and Callon's article *Economization, Part 1: Shifting Attention From the Economy Towards Processes of Economization* (2009) in which they consider the influence of economics as a discipline on the actual economy. [expand]

[‘rather than reifying neoliberalism as a monolithic entity, it may be more productive to speak of ‘neoliberalization’ as an always partial and incomplete process (Ward & England, 2007).’ in Bell and Green (2016).]

The rise of neoliberal hegemony: moving from theory to policy

So far this chapter has been primarily concerned with understanding what neoliberal ideas are and the historical conditions of their early development. In the late 1970s a transition began whereby neoliberal ideas moved from occupying a background niche within academia and think tanks to becoming the dominant policy perspective in liberal democracies (Stedman Jones 2012: 1). How did this transition occur?

The birth of neoliberal hegemony at the end of the 1970s could be seen as a triumph of Hayek's long-term agenda of slowly establishing neoliberal ideas throughout academia, law, journalism, and policymaking via a transatlantic network with the Mont Pelerin Society and

67 [ME: 'I suspect that these logics of “justice” vs. “efficiency” will be crucial for your future work and the ways in which the latter might be strategically used in the service of the former (or how it might corrupt it).']

68 [hegemony]

the Chicago School of economics at its heart (Stedman Jones 2012: 4).⁶⁹ However, the contingent and opportunistic exploitation of specific political events in the 1970s was also crucial (Stedman Jones 2012: 179). Free market and monetarist ideas had started to move out of the theoretical arena and find their way into policy as early as the 1960s,⁷⁰ as dissatisfaction with social democratic ideas led to a greater willingness to countenance market-based solutions (Stedman Jones 2012: 5). This dissatisfaction increased during the 1970s, which were a time of political and economic turmoil in the US and UK. A combination of numerous factors – the end of the Bretton Woods agreement,⁷¹ the first oil crisis in 1973,⁷² stagflation (i.e. high inflation with high unemployment), significant industrial action in the UK, and Britain applying for a loan from the IMF at the end of 1976 – led to the collapse of the post-war settlement. In response, the Labour and Democratic Party administrations began implementing some neoliberal policies (Stedman Jones 2012: 179, 216–17). A symbolic shift occurred in the UK when the Labour Callaghan government in 1976 changed focus from full employment to tackling inflation (Stedman Jones 2012: 5, 241–42) – a hallmark of Friedman's monetarist policy. The Callaghan government's experimentation with monetarist policy was not ideological but rather it was regarded as a practical solution to pressing economic problems.

The 1979 election of Thatcher in the UK, and 1980 election of Reagan in the US, brought neoliberal ideology to the forefront of policy-making. [The link neoliberals made between economic and political freedom helped sell their ideas.] The Keynesian ideas (demand management, high social spending etc.) that had dominated economic policy from 1945 to the 1970s were jettisoned in favour of free market policies. However, it is important to recognise the slow pace of change in government policy, with any new administration maintaining significant continuity with many previous policies. Those politicians who actively supported Chicago school-style policies found support in think tanks, which played a leading role in spreading neoliberal ideas and converting them into implementable policy (Stedman Jones 2012: 134–35). In Britain this included institutions such as the Institute of Economic Affairs, Centre for Policy Studies,⁷³ and the Adam Smith Institute. It was the successful merger of neoliberal economic policy with socially conservative ideas (e.g. anti-immigration, 'family values') within the Conservative Party in the UK and Republican Party in the US that finally brought neoliberal ideas into the mainstream. By this point it was the Chicago school ideas of Friedman, Stigler, Becker, and their colleagues that were on the ascendant in neoliberal circles (e.g. think tanks and the Mont Pelerin Society) rather than Hayekian or ordoliberal ideas. Friedman himself had been an economic adviser to all Republican Party presidents and

69 [I know this section relies on Stedman Jones far too heavily at present.]

70 Conservative MP Enoch Powell had unsuccessfully tried to introduce monetarism as early as 1957 (Stedman Jones 2012: 190–97). Links between the Conservative Party and Hayek go back even further, to the publication of *The Road to Serfdom* (Shearmur 2006).

71 The US abandoned a fixed exchange rate in 1971 and the UK followed suit in 1972.

72 The crisis was caused by the Organization of Petroleum Exporting Countries (OPEC) raising oil prices [...]

73 The Centre for Policy Studies demonstrates the closest relationship of all think tanks to a specific political party – it was founded to provide policy ideas for the Conservative Party (Stedman Jones 2012: 161). The majority of other think tanks were nominally 'party-neutral' albeit with a closer affinity to the political right.

presidential candidates since 1964: Barry Goldwater, Richard Nixon, Gerald Ford, and Ronald Reagan (Stedman Jones 2012: 108–09).

Stedman Jones argues that while neoliberal policy was seen as a solution to particular political and economic problems of the 1970s, there was nothing inevitable about the subsequent rise of belief in free markets and deregulation to hegemonic status (Stedman Jones 2012: 5–6).⁷⁴ The initial introduction of neoliberal ideas into policy through technical economic measures to address the economic crises became the entry point for free market ideas as a whole to take centre stage in a wide range of areas of public policy (Stedman Jones 2012: 181). Under different economic or political conditions, the conjoining of these two strands of neoliberal thought – macroeconomic ideas about control of money supply, and the singular importance of economic liberty – may not have occurred in political discourse and the belief in free markets may not have risen to hegemonic status.

Friedman himself always distinguished between his belief in individual liberty and the market from his scientific work on economic processes. It was the technical insights contained in Friedman's analysis of demand management and its failures that mainly explains his influence among public policymakers in the 1970s.

(Stedman Jones 2012: 201).

This claim demonstrates how the Chicago school's emphasis on developing technical policies that were ready to be implemented when the opportunity arose proved to be an effective strategic move.

Monetarist ideas seemed to offer an alternative way of running an advanced economy, one based on a return to purer free market economics. However, this hope largely rested on a conflation of monetarism with a theoretically separate set of arguments about the supposed superiority of markets over government intervention in the economy. The importance of freeing markets – through liberalization, lower taxes, deregulation, and privatization – became known as supply-side reform, so called in contradistinction to Keynesian demand management. [...] Market mechanisms were to be an alternative to public provision, benefits, and subsidies. These supply-side policies have been retrospectively allied to the monetarist analysis of the failures of demand management by observers of the programs of the Conservative and Republican administrations of Thatcher and Reagan. In fact, they should be seen as distinct.

(Stedman Jones 2012: 216)

Monetarist economic policy may have been introduced by the administrations of Callaghan and Carter, but it was the Thatcher and Reagan administrations that began the gradual

⁷⁴ Even former Conservative Chancellor of the Exchequer Nigel Lawson claimed that 'It is quite possible to be a monetarist and a central planner' (Lawson 1992).

application of the wider neoliberal philosophy – free markets, financial deregulation, privatisation, tax cuts – to public policy. Despite becoming synonymous with these ideas, Thatcher was a relatively recent convert to monetarism when she took office in May 1979 (McSmith 2011: 17–21). Privatisation and union reform did not become central to Conservative strategy until the mid-1980s (Stedman Jones 2012: 257–59). [This is linked to Thatcher's increased popularity and confidence following the Falklands war.] The fact that the beginning of the neoliberal trend towards introducing market mechanisms into more and more areas of public policy occurred via Friedman's monetarism, which could be portrayed as technical and 'apolitical' (or at least beyond party politics), rather than Hayek's passionate arguments for liberty⁷⁵, allowed neoliberalism to take hold. The fact that these technical policies could to an extent be separated from the differing social policies of the left and right goes some way to explaining how neoliberalism can be compatible with authoritarian and anti-liberal regimes, as in the case of Chile.

In 1973 General Augusto Pinochet overthrew the democratically-elected government of Salvador Allende and established a military dictatorship in Chile. Pinochet's economic policy was led by Chilean economists who had been trained at the Chicago School of economics (Fischer 2009; Valdés 1995). The changes that were implemented – removing tariffs, reforming economic institutions, controlling the money supply – were similar to those later enacted elsewhere by democratically-elected regimes, so did not *require* authoritarian or military rule to be introduced but the experience of Chile shows that neoliberal economic ideas are compatible with such regimes. This fact is another indicator that the neoliberal conception of freedom – which, after all, is supposedly the prime reason for neoliberalism – is highly divergent from conventional understandings of political freedom that focus on democratic participation.

From the brief historical context sketched so far, it is already clear that the common narrative that the election of Thatcher and Reagan signalled a definitive introduction of neoliberalism into policy is too simplistic. Not only had Chile implemented Chicago-style economic reforms and begun the expansion of market approaches to other areas of society (Fischer 2009: 324) many years before, but in post-War Germany ordoliberal ideas had been fundamental in founding the new democratic state ('social market democracy') under Chancellors Konrad Adenauer and Ludwig Erhard, which was in turn an inspiration to Thatcher-era Conservatives (Stedman Jones 2012: 125–26). The links between these different regimes were clear to some – one of the attendees at the Mont Pelerin Society meeting in Chile in 1981, [first name] Frickhöffer, 'affirmatively linked Pinochet's efforts to the post-World War II German efforts to secure a social market economy under Ludwig Erhard' (Fischer 2009: 327). And these countries were not alone; France slowly began its own turn towards neoliberalism following the 1978 election, under the Prime Minister – and liberal economist – Raymond Barre (Behrent 2016: 33–34). [also Turkey and Brasil (Connell and Dados 2014).]

75 [prevalent in US constitution etc.]

The complex international nature of this piecemeal adoption of neoliberal policy ideas means it is important to be careful with the portrayal of the globalisation of neoliberalism. The spread of neoliberalism beyond Western Europe and North America was spearheaded by the ‘structural adjustment’ policies of the World Trade Organisation (WTO), World Bank, and International Monetary Fund (IMF) (Stedman Jones 2012: 8). In return for development loans, developing nations were required to implement policies of privatisation, deregulation, and trade liberalisation – a move perceived by critics in the antiglobalisation movement as a form of American ‘economic imperialism’ [citation needed – Klein?].⁷⁶ However, this neoliberalisation was not simply the global imposition of Western ideology. The general outline within much of the literature cited in this chapter is that neoliberalism arose as an theoretical project of intellectuals in the global North and subsequently spread internationally as a one-way process of the North asserting its power over the global South in new ways. If we try to understand neoliberalism as praxis (mutually interacting theory and practice) [citation needed – clarify], rather than as a straightforward application of theory in different policy contexts, then the role of countries and peoples in the global South could be better understood as policymakers within each country coming to embrace neoliberalism as in their own interests. Connell and Dados (2014) have argued that the development strategy applied *in* and not just *to* the global South from the 1970s was central to neoliberalism’s rise as a global hegemonic force and we must consider multiple perspectives on this process: ‘Neoliberalism is not a projection of Northern ideology or policy, but a re-weaving of worldwide economic and social relationships’ (Connell and Dados 2014: 124). Agriculture and land ownership were key sites of policy [change], with structural adjustment programs contributing to ‘the restructuring of the post-colonial state’ (Connell and Dados 2014: 121). Just as Callaghan and Thatcher both saw expedient political reasons to enact elements of Chicago school ideas, so did politicians in the global South. If we keep in mind the difference between neoliberal ideology and actually existing neoliberalism (see Brenner and Theodore 2002), then ideology may simply play a supporting role in justifying intellectually the actions that are desired by the capitalist class.

The consolidation of neoliberal hegemony was cemented with the gradual adoption of neoliberal policy by the centre-left. Although, as noted above, centre-left parties in the UK and US had flirted with elements of monetarist policy in the late 1970s, it was under the Thatcher and Reagan governments that market logic began to be applied across all policy domains. In the UK, by the time the Labour Party returned to power in 1997 under the leadership of Tony Blair they had abandoned much of their socialist heritage and proclaimed a new centrist ‘third way’ that embraced the application of market logic to social life. the embrace of neoliberal policy by New Labour and Clinton's Democrats was not completely out of step with their parties' history; [policy continuation for several decades with governments and world leaders accepting core aspects of neoliberalism. US, UK, EU (including post-89 Eastern Europe and their

⁷⁶ The phrase 'economic imperialism' was in fact first coined by Virginia School economist Gordon Tullock (Fischer 2009: 324). [I think this term has two meanings – the imposition of economics *as a discipline* on other academic disciplines, and a ‘new imperialism’ of global economic exploitation.]

incorporation into the EU).]

[more theoretical approach to hegemony, Gramsci etc.]

Neoliberalism as closure

In the previous sections we have seen that neoliberal ideas were developed over the course of several decades, and were incrementally implemented through public policy until by the end of the twentieth century neoliberalism had become the dominant hegemonic political ideology across much of the world. A central aspect of neoliberal ideology is a particular conception of *liberty*, conceived wholly in economic terms. In the final section of this chapter, I will argue that rather than the promised freedom of the ‘open society’, neoliberalism has in fact resulted in a *closure* of political and social freedom. If we take a view of freedom that moves beyond individual economic freedom and incorporates collective and social action, the empirical evidence suggests that under neoliberal regimes freedom has increased for capital at the expense of political autonomy for the majority.

The 2007–09 financial crisis led to upheaval in the global financial system. Even though financial deregulation has been highlighted as a prime cause of the crisis,⁷⁷ the political response was not to reject the overall policy direction but rather to ‘double down’ and continue – and even expand – market-centric policies. This response was not unprecedented; the ‘bail out’ of financial institutions followed a similar pattern to actions taken by Chile during the 1983 financial crisis there (see Fischer 2009: 329). Theorisations of post-crisis neoliberalism have spoken of post-neoliberalism or even ‘zombie’ neoliberalism, i.e. the ideology is clearly dead but still walking. The continuation of neoliberalisation shows the strength of its hegemonic status and can be attributed to both a lack of perceived alternatives and also the belief in the free market as ‘utopian economics’ (Cassidy, in Stedman Jones 2012: 339).⁷⁸ Exhortations that ‘there is no alternative’ and we have reached ‘the end of history’ [Fukuyama] have been commonplace since the late 1980s. But ‘as the economic sociologist Jamie Peck has argued, the ideal of the pure free market has always been unobtainable, as utopian an idea in its own way as the Marxist illusion of a classless society’ (Stedman Jones 2012: 20). The ‘end of ideology’ is itself an ideological construct.

If neoliberal reason has indeed saturated political discourse to the extent that no alternative policy directions can be considered, this does not bode well for the idea of a plural democracy. Wendy Brown’s *Undoing the Demos* (2015) develops the idea of neoliberalism’s closing of democracy. Brown outlines how neoliberalism, by reshaping all human conduct (of both state and persons) into economic terms, poses a threat to the future of democracy. The governing rationality of neoliberalism is actively turning us into the rational-actors of *homo oeconomicus* [define] and democracy will not necessarily survive this process. Brown argues

⁷⁷ For a discussion of the causes of the crisis see Stedman Jones (2012: 338–41) and Mirowski [?2013].

⁷⁸ [‘End of utopia’. Although, C.E. - ‘... a lot of work on deconstructing this restrictive and biased understanding of utopia’.]

that an active fight for democracy is needed if we are to retain enlightenment values of equality, freedom, and democratic rule.

Like Davies (2014, see above in the section 'The Chicago School and the emergence of neoliberal reason'), Brown sees the economisation of all realms of life, even those which are not explicitly monetised, as a defining feature of neoliberal rationality. It is the application of market-like logic to everything which takes neoliberalism beyond simply a 'market fundamentalism' and into the role of shaping individuals into *homo oeconomicus* as described by Foucault (2008).⁷⁹ Brown extrapolates from this point to describe how the conversion of citizens to 'human capital' reconfigures individuals' relations to the state and to each other, with liberal values of freedom, equality, and popular sovereignty disappearing. Brown engages with Foucault's *The Birth of Biopolitics* (2008), in which Foucault depicted neoliberalism as remaking the liberal art of government; 'a normative order of reason that would become a governing rationality' (Brown 2015: 50).⁸⁰ This framing reveals the specific implementations of neoliberalism as expressed through government policy to be the application of this governing rationality to various extant political spaces.

'This subtle shift from exchange to competition as the essence of the market means that all market actors are rendered as little capitals (rather than as owners, workers, and consumers) competing with, rather than exchanging with each other' (Brown 2015: 36). This notion ties in with the apparent disappearance of equality from the neoliberal imaginary – Davies (2014) argues that neoclassical economics rests on a competition wherein participants are equal at the beginning and unequal at the end, whereas under neoliberalism, all individuals are included in the competition but with no protections to guarantee equality. [more clarity on how this economisation of *life* is resulting in lack of democratic freedom (see Brown chapter 1).] [If Davies (2014) is correct about the role of sovereign power in post-crisis 'contingent' neoliberalism, that has strong implications for the openness of both markets and democracy. [need to clarify this statement]]

The political situation in Greece following the bail out [and loans from EU/IMF] serves as a potent example of how political choice is restricted by the neoliberal reason at work in supranational institutions. A far-left elected government, Syriza, was elected with a mandate to end austerity but has been forced to enact austerity policies at the behest of European Union institutions, demonstrating clearly how neoliberal policy is leading to social and economic devastation for many. There are also examples of political closure in the UK under current Conservative government, for example moves to try to remove Freedom of Information legislation or electoral reform that appears to be designed to make a Tory majority permanent [citation needed].

On the other hand: Freedom House rates all Western democracies as very free (see Alves and

79 [see also Becker]

80 For a closer look at Foucault's reading of neoliberalism, in particular his apparent sympathies with some aspects of it, see Zamora and Behrent (2016).

Meadowcroft 2014) – discuss problems with metrics.]⁸¹

[rhetoric of planning is in conflict with rhetorics of security; planning reduces instability]

Stedman Jones argues that the formulation of the neoliberal critique by Hayek, Mises, and Popper was against 'the encroachment of state intervention of every aspect of social and economic life [in which they saw] a creeping totalitarianism' (Stedman Jones 2012: 36). Under actually existing neoliberal regimes, neoliberalism has itself become an instrument of intervention, with its co-option of the bureaucratic control of social life creating a mode of governance that imposes the same anti-liberal logic feared by early neoliberals. Mises cautioned against the perils of 'collectivist' government intervention, arguing that 'there is no sphere of human activity that they would not be prepared to subordinate to regimentation by the authorities' (in Stedman Jones 2012: 51–52 [check original]). By the end of the twentieth century the saturating of all society with a single logic had, instead, occurred in the name of free market capitalism. [power has always acted in a diffuse way throughout social relations – patriarchy etc. – the logic of capital has become a new locus of this diffuse power. Merging of old power structures and new rationality.]

The combination of neoliberal reason with disciplinary apparatuses is a demonstration of how the 'totalising' effect of neoliberalism in applying market logic to all aspects of the political, economic, and social realms must be reconciled with its plural nature. Adaptability in applying economizing logic to institutions existing under a variety of conditions explains how neoliberalism can be effective in holding sovereign power in very different political situations, including 'closed' regimes. Hence Harvey's depiction of 'neoliberalism with Chinese characteristics' (Harvey 2005), and the fact that neoliberal doctrine has remained the dominant hegemonic position within contemporary global politics despite the 2007–09 financial crisis. This adaptability is also noticeable in neoliberalism's ability to perpetually reinvent itself through strategic forgetting⁸² (see Mirowski 2013, Fisher 2009). The rhetoric of individual freedom which is used to sell neoliberal ideas diverges significantly from the authoritarianism of neoliberal regimes such as Pinochet's Chile; market freedom has come to be reconciled with bureaucracy; and conservatism has been accommodated in order to appeal to the political right. 'Truth' and logical consistency do not appear to be of interest to current policy elites.

[after this discussion of closure and lack of alternatives, highlight alternatives that do exist but have not yet (except Syriza?) found their way into mainstream policymaking (World Social Forum, Occupy, Podemos).]

Tying together two of the key strands of neoliberal thought outlined above – a conception of freedom based solely on economic freedom, and the economisation of everything – leads to

81 Despite the problems with using quantitative metrics to 'measure' the amount of freedom in a country, such approaches do attempt to specify in detail particular aspects of social life which can be regarded as demonstrating freedom, something which Hayek did not do.

82 [C.E. - 'this is really important to your reading of alternative political and economic traditions'.]

the idea that neoliberalism is bringing about an *economisation of freedom*. Freedom is only understood in market terms.

The neoliberalisms of Hayek and the Chicago School were on the surface antistatist in that they relegated the role of the state to being an enforcer of the free market. (The antistatistism is what attracted Foucault, who understood power to be diffused throughout social relations rather than solely being embodied in top-down authority (Behrent 2016: 29).) But by promoting market-based policy in all areas of government, neoliberals did not remove the influence of the state from people's lives, rather they shifted the nature of the state-citizen relationship. The market-state now acts as enforcer of market logic in an attempt to regulate people's thought and behaviour. For example in education, the marketisation and ongoing removal of 'public good' notions has not lessened the influence of the state in people's education, but changed the nature of the influence to one of the state's new role as enforcer of market principles. By embedding market principles throughout all areas of the state's [influence] on citizens, the state's power is not diminished but results in a diffusion. [Is that what interested Foucault? 'the effort to conceptualize power without reference to the state' (Behrent 2016: 39).] [Neoliberalism isn't about reducing the power of the state, but about changing the nature of that power to harness the potential of society's more hidden, diffuse, and entrenched power relationships.] Therefore far from increasing the liberty of citizens living under a neoliberal regime, all possibilities of alternative ways of living are systematically removed and an enclosure of thought is the result ('there is no alternative'). As with the enclosure of commons land, fighting for a commons in the realm of ideas is a means towards ensuring that there *is* an alternative. I will return to the idea of the commons in Chapter 4, after next analysing how neoliberalism impacts contemporary higher education and academic publishing. This will lead on to a discussion of the current state of open access policy, showing how the broader neoliberal higher education policy context underpins it.

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