

THE SLOW DEATH OF NEOLIBERALISM: PART 1

This is the first of a short series on my long-term project on neoliberalism. The questions I started with were 1. How did neoliberalism become the dominant discourse; 2. Was there an alternative; and 3. How can we move to some other form of discourse.

I started with the premise that the neoliberal project has two prongs, a theory of the person in society and an economic theory.

The person in society is as a rational actor whose only important role is to get a job producing stuff which provides money to buy stuff based solely on a rational calculation of utility. The work part doesn't apply to people with money. They just rationally concentrate on getting more money. People with no money and no job are subject to discipline by the carceral state. It doesn't matter why they don't have jobs. No work, no money, no freedom.

The economic theory is based on neoclassical economics, with its roots in 19th Century morality and the idea that everything can be stated mathematically. The morality is Jeremy Bentham's utilitarianism, with a strong dose of Calvinism evidenced by the phrase "the lash of hunger".

My project and my premise are based on reading books which broadly fall into three categories: theory (Foucault, the Frankfurt School, Kuhn, Mirowski), history (Arendt, Veblen, Polanyi), and economics, (Mankiw's text, Samuelson and Nordhaus' text, Jevons, Piketty). The plan was that by placing neoliberalism in a broader context, I could get some idea of how it took hold and what were plausible alternatives.

This post discusses theoretical issues. Neoliberalism is a [positivist theory](#).

█ Positivism is the view that the only

authentic knowledge is scientific knowledge, and that such knowledge can only come from positive affirmation of theories through strict scientific method (techniques for investigating phenomena based on gathering observable, empirical and measurable evidence, subject to specific principles of reasoning). The doctrine was developed in the mid-19th Century by the French sociologist and philosopher Auguste Comte (1798 – 1857).

The scientific method is a good way to understand physical phenomena. The key step is eliminating all aspects of the object of study that cannot be measured and accounted for. If you want to know the charge of an electron for some reason, there's an [old experiment](#) for that. In this experiment, that includes measuring the viscosity of air, but it also includes several assumptions that may or may not be accurate; one is that the droplets of oil are spherical.

In the [double slit experiment](#) you fire photons at two slits and get interference bands. Some of the photons hit on one of those bands, and others hit others. We don't know exactly the route that they take between the photon gun and the target, and we can't predict which band the particle will hit. There is only statistical prediction. So, there are limits to what we can know in the positivist sense. That's true of math too for other reasons; see [Godel's Theorems](#).

One difficulty with positivism is what constitutes a proof in non-physical sciences. Obviously we can't separate things analogously to the way we isolate photons. And we don't have a way to repeat experiments and we can't be sure we understand all the relevant considerations or their magnitude at any point in time, and anyway, people change, societies change and context is controlling.

Besides positivism, neoliberalism is centered on

utilitarianism. We can see this in the writings of the inventor of marginal utility, William Stanley Jevons, as I [note here](#). We also see it in Pareto Efficiency. These ideas, and positivism generally, are very useful in rationalizing the production of goods and services.

According to the Frankfurt School the theory that positivism provides the only authentic truth is central to the Enlightenment. Ideas and theories that cannot be proved according to the requirements of positivism cannot be taken seriously. The drive to extreme positivism leads us to ignore concepts like love, social cooperation, justice, morals and all intellectual concepts because they cannot be measured and are inconsistent over time and across societies. As an example, Keynes says that "animal spirits" lead development and stock markets. How do we measure animal spirits? Positivism tells us to find a formula to replace those concepts. Eventually it leads us to focus all our energy and attention on production for profit because that is tangible.

Critical theory rejects another underlying assumption of positivism, the absolute separation of subject and object. In order to study something, it must be segregated from other things. When one person studies another, the investigator must treat the other person as an object. If the object changes, we have to assume that the changes are measurable and predictable. In the same way, when the ruler deals with the subject, the kings treat citizens as objects, and employers treat employees as objects.

To put this in our time, Facebook algorithms treat users as objects and the company sets out to draw a picture of the not-exactly-human user so as to exploit it for profit. Facebook also allows others to use its tools to exploit for profit or for other purposes.

Every society has a system for deciding what goods and services it will produce and a system

for dividing up the goods and services it produces. These systems cannot be addressed easily in a positivist framework because there is no way to predict outcomes with any certainty, and because we don't have a scientific way to assess the quality of the current system, let alone a new arrangement. For that reason, the Frankfurt School claims that positivism reinforces the status quo, and cements it for the benefit of the current group of elites.

The effect of this extreme positivism is to reduce or eliminate imagination by focusing people's attention on the immediate present. The emphasis on work means that people have less time and energy to think about societal issues.

This all seems terribly arid. Or boring, your choice. But it describes our putrid politics. Lambert Strether analyzed the Sanders/Klobuchar vs. Graham/Cassidy debate at [Naked Capitalism](#); I highly recommend it. Here's Amy Klobuchar, fn omitted:

KLOBUCHAR: [Y]ou can have things available to you like treatment, right, but if it's too expensive, is it really available to you? And if you see a Ferrari in a car lot, well, it's available to you, but you can't really buy it. And that is the problem if the prices skyrocket.

So it's doing something immediately to stabilize these prices, but then in the long term making sure we can make health care more affordable. Bernie has one idea; I have some others. And we can talk about them later.

As Lambert Strether shows, Sanders can talk about both now, while Klobuchar can't, and it's because she can't imagine that kind of change as a real possibility. She can't formulate a radically different vision of society. And that's the problem facing the whole Democratic

Party and especially its [last presidential candidate](#).