Neoliberalism and Why it’s Bad for All of Us

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Introduction: When is an economy not an economy? When it’s a caravan park!

- Sources – Chicago School of Economics (Friedman and Hayek) – also German ‘ordoliberalism’. First use of the word probably Freidman – 1951 essay Neoliberalism and its Prospects.
- They DIFFERED but the development of their views has become the economic status quo since the 1980s – ‘TINA’ – ‘there is no alternative.’
- Ironic – from the 1930s to the 1950s, its theorists were dismissed by mainstream economic thinking as cranks and mavericks
- How did it get to be so influential? Interesting – one analysis – ‘rugby match’ analysis – ‘the think tanks passed to the journalists, who passed to the politicians, who with aid from the think tanks run with it and score.’
- You won’t see the term much – although the Guardian uses it! – you might see ‘free market,’ or ‘competition’ – but even if we don’t know the term, neo-liberalism has become so much the norm we don’t even notice it – David Harvey: ‘Neo-liberalism…has become incorporated into the common sense way many of us live in, interpret and understand the world.’ (A Brief History of Neo-Liberalism, p 3)
- But it isn’t inevitable, natural or constructed – and many projects of practical compassion in parishes are in response to its direct results.
- So the first thing is to detach from it and NOTICE it – name the beast!

So What is It?
Several key elements to what Neoliberalism is:
- It affirms, above all else, the rule of the market\(^1\) - that means the unrestricted movement of capital, goods and services.
- The market is ‘self-regulating’ in terms of the distribution of wealth – more wealth in the system is supposed to equal more wealth for all – wealth distribution falls out of the system, and in theory, there is a ‘trickle down’ of wealth distribution.
- The de-regulation of labour - e.g., de-unionization of labour forces, and end to wage controls.
- The removal of any impediment to the moving of capital – such as regulations.
- Reducing public expenditure – and in particular for utilities, common goods (water), and social services, such as transport, health and education, by the government
- Privatization of the above – of everything from water to the Internet
- Increasing deregulation of the market, and allowing market forces to regulate themselves.
- Changing perceptions of public and community good to individualism and individual responsibility.

Behind these features are a series of underlying assumed principles – an ideology of neo-liberalism:

\(^1\) [http://www.globalissues.org/article/39/a-primer-on-neoliberalism#Neoliberalismis](http://www.globalissues.org/article/39/a-primer-on-neoliberalism#Neoliberalismis)
- Sustained economic growth is good in itself and the best way to human progress
- Free markets would be the most efficient and socially optimal allocation of resources
- Globalization is a good thing – beneficial to everyone
- Privatization removes the inefficiencies of the public sector.
- Governments’ main functions should be to provide the infra structure to advance the rule of law with respect to property rights and contracts and to ensure the market remains competitive.

So What’s Wrong with it?

1. **It is internally contradictory**
   - There is no such thing as a free market
   - Even the original neoliberals recognise this – competition regulates the market – there is no one view of what ‘competitive is
   - The ordoliberals certainly recognise it – role of government to *create* the perfectly competitive market
   - The view taken of competition based on price tends to monopolies, a ‘race to the bottom,’ and uniformity (Amazon, Sky, Apple…)

2. **Its effects are not as the theory predicted, and have often been damaging:**
   - There has been no ‘trickle down’ of wealth (in fact, wealth has redistributed upwards)
   - ‘It has entailed much “creative destruction” of institutional frameworks and powers, divisions of labour social relations, attachments to the land and habits of the heart.’ (David Harvey, *Short History of Neo-Liberalism*, p 3)
   - It has pushed, and is pushing, the reach of the market into ever more spheres of human life, ‘the saturation of the state, political culture and the social with market rationality.’ (Wendy Brown: *American Nightmare: Neoliberalism, Neoconservatism and De-Democratization* (Political Theory 34 (2006), p 695)

3. **It has a view of human beings as ‘specks of human capital,’ who can be ‘plugged in’ to markets of various kinds, (or who plug themselves in) –**
   - the hero of neoliberalism is the entrepreneur – we are all becoming more and more required to be ‘entrepreneurs of the self’ – to invest in ourselves/make something of ourselves, ‘cultivate and care for’ ourselves and, increasingly – measure our performance.
   - The caravan park analogy –we are required to ‘plug ourselves in’ – to pay the price of doing so, and to accept the cost.
   - Our ‘belonging’ becomes passive plugging in – rather than active participation.
   - Traditional forms of solidarity are wiped out.
   - Specks of human capital are eminently sacrificable, even if they have done all the ‘right things’ – there are no guarantees, and individuals are expected to bear the risk of their entrepreneurial activity themselves (investing many hours in ‘training’ and ‘upskilling,’ often with no financial or institutional support and with no guarantee of better employment practices – i.e. gain (more skilled workforce) is privatized and risk is distributed downwards, labour is bound and capital released.
   - Austerity politics is the natural outcome of this – people are told virtue is sacrifice for the sake of a productive economy, but with no protection.
   - Despite opposition to ‘big government,’ isolated and vulnerable individuals are eminently governable, subject to new forms of power whilst having smaller and
smaller spaces in which to resist it. People are easily integrated into a project that is quite prepared to sacrifice them.

So why is it bad for all of us?

- It has redistributed wealth – upwards. Most extreme effects seen amongst the most vulnerable – but many people are feeling the pinch in the middle. Cultural expression of neoliberalism encourages those in the middle to ‘aspire’ upwards – and demonises the most vulnerable. Not good for the soul, even of those relatively comfortable!
- An economy is not a caravan park that we plug into but a household (oeconomia) that we belong to – with solidarities and mutuality built in – some of them unchosen. Neoliberalism cuts us off from belonging in a way that allows us to flourish.
- Its promotion of economic growth as the only good inevitably means economies built on debt and austerity
- To see people as sacrificeable specks of human capital means they are governable, isolated and vulnerable – and the isolation and vulnerability is spreading upwards in society too (it takes on average a year after graduation for a graduate from a ‘good’ university to get a job)
- The buck is constantly and systematically passed to those least able to carry it – large-scale problems (e.g. national debts) are sent down the pipeline to smaller units; devolution without the resources to implement it, combined with competition for resources, choices without resources, responsibility without power, power without structure.
- Dependency is denigrated and independence moralized – the most vulnerable are burdened morally with failing to follow the correct processes of capital development
- Lack of trust erodes community life and social relations
- Physical and mental health are affected – and not just for those who are poorest, but for those in the middle and even those at the top (see Richard Wilson and Kate Pickett: The Spirit Level: Why Equality is Better for Everybody – London, Penguin 2009)
- Education becomes narrow and instrumental
- In some ways, those in the deepest peril are those who benefit from neoliberalism – ‘for what will it profit them if they gain the whole world but forfeit their soul’ (Matthew 16.26)

So what is to be done?

- ‘See-Judge-Act’
- SEE - We first need to SEE it – to name the beast - that the issues we confront daily in parishes, in our everyday lives, and in the news do not arise by accident or as a result of unfortunate circumstances, or the distorting lens of the media – but from the systematic application of a particular, and very far-reaching economic theory.
- JUDGE means unpicking the assumptions, watching how the ball curves; it means not just coming up with concrete examples from our own circumstances, but relating them to the ‘macro’ level – seeing how they result from larger structures and assumptions
- JUDGE also means reflecting theologically on all this in the light of scripture and tradition.
- ACT – is harder – so what is to be done? It can seem impossible to do anything! However – the very act of noticing is important. Neoliberalism’s power derives partly from its invisibility – we need to notice that it is happening. Various forms of
resistance have happened over the last 5 years or so – views about how effective they have been vary. But as Christians, we are called to show solidarity with those who resist a dehumanising and very powerful status quo.

- We can – and should – continue to be involved in projects of practical compassion – and alongside doing them, make connections with the bigger picture.
- We can recognise our own complicity in neoliberalism – and disassociate from it, at least with our heads.
- We can ask critical questions whenever we have the opportunity to do so.
- And, above all, we should recognise that a very small space in which to act is not no space at all – challenging TINA – that neoliberalism is the only view on the block is itself action of a kind – sometimes opening up a space opens up new possibilities. What we shouldn’t so, at least, is to close them down!

*Justice will dwell in the wilderness, and righteousness abide in the fruitful field. The effect of righteousness will be peace, and the result of righteousness quietness and trust forever. My people will abide in a peaceful habitation, in secure dwellings, in quite resting places.*
(Isaiah 32.16-18)

**Further Reading:**


Ha-Joon Chang: 23 *Things they don’t tell you about capitalism* (London, Penguin 2011)


David Harvey: *A Short History of Neoliberalism* (Oxford, Oxford University Press 2005)

*A Primer on Neoliberalism* – online at [http://www.globalissues.org/article/39/a-primer-on-neoliberalism#Neoliberalismis](http://www.globalissues.org/article/39/a-primer-on-neoliberalism#Neoliberalismis)


*The full version of this paper with a complete bibliography will be available electronically after the conference.*