

THE NEOLIBERAL (COUNTER)REVOLUTION: ITS PARABOLA AND DECLINE

1.1 The crisis that has plagued the global economy since 2008 has lately only negligibly loosened its grip and, after almost ten years, economic stagnation still persists. Moreover, its destabilising effects have now moved beyond the strictly economic sphere and deeply penetrated social and political life, generating a dramatic rise in inequalities and causing an intensification of conflicts. At this point, it needs to be acknowledged that the crisis no longer affects only a specific orientation in economic policies, but rather the entire *civil order paradigm* that has prevailed globally over the past few decades and, for a long time, inspired government action by the main geo-political players.

Put very concisely, the idea at the core of this paradigm is that different forms of social life can and must be re-designed according to the *market competition system*; and that, in line with this model, the more society is able to re-programme not just strictly productive activities but *all* forms of social life and communication society, the more it will be civil, rational and advanced. This means that *living*, in the broader sense, must mean *being on the market*: being part of a *competitive* network of exchanges and transactions, working to acquire the highest possible market value and thereby, at the same time, *contributing*, through one's choices, in the constant updating of value listings that regulate the game and direct collective exchanges.

This “marketist” notion of social order is normally linked to the political shift developed, in the early 1980s, by conservative and, at the same time, highly innovative leaders like Ronald Reagan and Margaret Thatcher. This shift culminated in the implosion of the Soviet Union and the fast conversion of many formerly communist countries to the market economy. However, from a theoretical standpoint, the fact of the matter is that the main traits of this paradigm had already been outlined much earlier, during the feverish years between the 1929 Wall Street crisis and World War II. At the time, the feat had been accomplished by a fairly small, marginal and heterogeneous group of liberal economists and sociologists - most of whom had been forced to emigrate – who followed two very different main schools of thought: on the one hand, Ludwig von Mises and Friedrich von Hayek’s Austrian school, from which the “Chicago school” was to later evolve and, on the other, the German authors gathered around the journal *Ordo*. It was precisely one of the German “ordo-liberals”, Alexander Rüstow, who first designated the line of thought shared by the entire group by the word *neoliberalism* that, from the 1980s onwards, was to be commonly used as a label for the political programmes and administrative measures imposed by the new global governance.

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1.2 The history of neoliberalism therefore presents a *two-stage genesis* and draws a parabola that, when closely observed, is somewhat unusual. Indeed, these *theories* were developed in Europe in the 1930s as a response to the advance of totalitarianisms from a position of cultural and political marginality that was to last for more than half a century. After this interval, however, mainly in the United States and Great Britain, the civil order model designed by neoliberals was translated into a technically detailed practical programme for governing the economy and society as a whole. At the end of the Cold War, the programme became established globally with surprising effectiveness and speed, in spite of the imbalances it entailed, the increasingly frequent crises and the spectacular fiascos neoliberal governance faced in its efforts to establish a “new global order”. Later on, in our times, the mechanism broke down and the entire construction started to crumble as inexorably as it had taken root a few decades earlier.

Deep down, I do believe that there is still some element in the parabola of neoliberalism that has not yet been considered. We are still unable to indicate

the actual reasons why at the time its civil order model took hold so forcefully after lingering at the margins of official culture for such a long time. We are also finding it particularly difficult to understand why that model is now declining. And yet, on reflection, there is possibly no historical phenomenon that can be more useful in helping us focus on the deeper dimension and true meaning of the contemporary world's *crisis*.

In the initial stage, in fact, all the main authors – from both the Austrian school and German Ordoliberalism – were persuaded that their task involved much more than just addressing a contingent economic or political difficulty. They believed that it was more a matter of providing an answer to the overall *crisis of modern civilisation* that, after Nietzsche, had become the dominant theme of European culture. For this reason, they did not hesitate to carry their analysis further, to consider the basic philosophical questions concerning human nature and the meaning of civilisation, as was also confirmed by the titles of the most influential works of this initial phase (such as *Human Action* by L. von Mises or *Civitas humana* by W. Röpke).¹

In the 1980s, when the neoliberal project began to assert itself at a planetary level, this anthropological dimension was set aside to make room for technicalities and the emergencies associated with governing the economy. The programme's radical nature, however, remained unchanged and was implicitly confirmed by a notion that was very widely shared at the time, i.e. that modernity's long-standing crisis was in fact about to end and pave the way for a civilisation model that was so new it had to be described as *post-modern*.

Neoliberalism was hence a response to the general crisis of modern civilisation. And, possibly, the *only* response to be translated into a coherent practical project and a real government programme. Its planetary hegemony over the past decades cannot, therefore, be explained only in terms of the support of the ruling classes or the effectiveness of propaganda. In my opinion, its roots go much deeper and depend on the fact that, right from the foundation phase, neoliberals had succeeded in intercepting a profound social process – in some

1 Ludwig von Mises, *Human Action*, Fox & Wilkes San Francisco 1963; Wilhelm Röpke, *Civitas Humana. Grundfragen der Gesellschafts- und Wirtschaftsreform*, Rentsch, Er-lenbach-Zürich 1946.

ways a *crucial problem* – that, until then, European philosophical culture had registered only in vague and purely *negative* terms, simply as a threat to the civil order. Neoliberal theories, on the contrary, endeavoured from the start to bring into focus the new historical and social scenario's *positive* potential, so as to draw from it a new social order model and, even, a notion of *civilisation* that would be different from the one that had prevailed in the course of modernity.

If this is the case, however, it is clear that the decline of the project – currently being witnessed – is a far more significant and dramatic issue than is generally thought. It is the sign that the century-old crisis of modernity may befall us again, possibly even more directly than it did in the past. And if philosophy is to be “its own time comprehended in thoughts”, there is perhaps no philosophical task more urgent than to measure ourselves against this parabola, seeking to grasp its meaning and deeper causes.

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2.1 In my paper, I shall be tackling two issues. I will first try to bring into the focus the “problem” to which, in my view, neoliberalism sought to provide a solution. At the same time, I shall attempt to prove that this solution presented, from the start, a shortcoming, a sort of “blind spot” that neoliberal theories and practices refused to see and that is now emerging, causing the decline of neoliberalism. These are, of course, extremely broad and complex issues and I can but put forward very general hypotheses. And precisely for this reason it seems appropriate to illustrate my two hypotheses immediately, very concisely, so that the direction we shall be taking will be clear from the start.

So, to begin with, I believe that neoliberalism's basic problem refers to the factor whereby it is a significant response not just to social crises or political challenges, but also to the general *discontent experienced by modern civilisation* – and is to be found in an element that deeply interconnects the main social processes triggered by advanced modernity. All of these processes converge into what I shall call a trend towards the *dynamization of the social order*.

This expression should be taken literally and refers to one of the more elusive and complex concepts expressed by ancient metaphysics, *dynamis*, the semantic value of which covers a wide spectrum of similar terms generally considered, however, to express separate concepts: potentiality (or virtuality), possibility and power. This formula, in fact, attempts to indicate the gradual

transformation, from the late 19th century onwards, of the mechanisms responsible for the establishment of the social order and that have gradually been moving away from the domain of real and actual “facts” to that of possibilities *in that they are* possibilities, before they are or are not fulfilled. To put it plainly, the hypothesis is that in late modernity collective life accentuated its character of possibility, virtuality or power to such an extent that it inevitably resulted in the *calculation and strategic management of possibilities, opportunities and risks* becoming the heart of all emerging forms of life.

In my opinion, the neoliberals were amongst the first to understand that the drift away from all that is real to all that is possible was, on the one hand, irreversible and, on the other, entirely incompatible with the traditional model of political sovereignty. So they came to be persuaded of the need to develop a radically new civil order model in which the dynamization of social life could release its full power, no longer threatening the stability of social structures. And – as we shall see –, in this transition, a decisive role was assigned to the dialectic between two distinct elements in the social order, indicated by F. von Hayek with the Greek words *taxis* and *cosmos*: the *established* order on which political authority rests and the spontaneous and unpredictable *cosmic* order generated by market relations² (a dialectic that in recent years has also been used to refer to the distinction between *Government* and *Governance* and to the typically neoliberal idea of *Governance without Government*).³

The difficulty lies in the fact that *dynamis*, as mentioned, expresses a deeply ambiguous concept. At the very least, a distinction is required between its *absolute* meaning – indicating the *power to act* in the broader sense – and its *relative* meaning, i.e. the ability to exercise power *over other people*. I believe that this ambivalence is a “blind spot” in the mechanism developed by the neoliberals. In short, while believing that it promotes the empowerment of society in the absolute sense, this mechanism in fact ultimately protects its relative forms, i.e. the *power relations* crystallised within society and that the new government mechanism strengthens and upholds even to the *detriment* of general empowerment.

2 See Friedrich von Hayek, *Law, Legislation and Liberty*, Un. of Chicago Press, Chicago Ill. 1973–1979.

3 See James N. Rosenau and Ernst-Otto Czempiel, *Governance without Government: Order and Change in World Politics*, Cambridge Un. Press, Cambridge 1992.

Paradoxically, the outcome is the exact opposite of the “freedom of choice” that the neoliberals aimed to enhance. Power relations, in fact, are based on preventive control over other people’s choices. By strengthening such relations, the neoliberal governance mechanism hence also increases control over disseminated creativity and its submission to new power centres, exasperating forms of asymmetrical dependence and social vassalage. And it is thus that an alarming *bipolarity between pluralism and re-feudalisation* is taking shape, dominating the contemporary social scenario and marking, to my mind, the decline of neoliberalism.

2.2 I do realise that the two theories I have just illustrated are too generic and abstract to be presented articulately in a short paper. But I would like to at least somewhat clarify their substance, starting from the general idea of a dynamization of the social order.

146 In considering neoliberalism, the specific “dynamization” of market mechanisms undoubtedly holds a central position and it is no coincidence that, for instance in *Human Action*, von Mises feels the need to reiterate insistently that “numbers applied by acting man in economic calculation do not refer to quantities measured – hence *real* data; “facts”, that is, in the sense most widely used at present – but to exchange ratios as they are expected – on the basis of understanding – to be realized on the markets of the future”⁴

Clearly, it is its *future* yield that makes an investment more or less advantageous and that, therefore, determines in the present the value of an asset or a business. Now, the future is radically uncertain and only a hypothetical, partial and subjective representation is possible. The market mechanism, instead, causes the subjective expectations of different operators to interact and mutually influence each other, thus generating a *shared convention* that provides single transactions with an *objective* reference base. Although expectations are more than likely to be corrected or even totally contradicted in the future by *real* facts, as long as such a correction has not taken place and collective trust remains untouched, market generated values in any case guarantee the liquidity of the asset and, with it, the effectiveness of the investment. In conclusion,

4 Ludwig von Mises, *Human Action*, cited above, p. 211.

the value of a security reflects mere *possibilities*; it is mediated and, so to say, “reified” by a shared convention that the market itself has generated.

Since then – and still today – the process designated, perhaps incorrectly, by the word “financialisation” has unceasingly been moving the core of market exchanges progressively from one dimension to the other, from *reality* to *possibility*, thus assigning an increasingly central role in the formation of economic value to the market’s *conventional* mechanisms and their most typical product, the *liquidity* of securities and financial products, in the broader sense of the word. Of course this process was not invented by neoliberalism. But I do believe that the neoliberals were the first (and possible the *only ones*) to grasp its potential value with a view to the establishment of a real and proper *civilizing mechanism* that would be totally different from anything that had preceded it.

2.3 It is important to understand that, in a hyper-modern society, dynamization is not limited to the economic sphere in the strictest sense, but rather invests the whole of social life. Technical evolution, for instance, clearly multiplies the possibilities available to people. And furthermore, as Aristotle had already observed, *techne* is in itself, and always has been, knowledge focused on possibility (and not, like science, on necessity). Hence the more work and life become *technicalised*, the more they result in the designing and manipulation of simple possibilities, conceivably leaving their actual realisation to machines.

Meanwhile, according to the teachings of sociology, personal identities become “liquid”. Socially significant skills proliferate and even very basic individual characteristics accentuate their contingency: they become *potentialities* that individuals can choose to activate or stifle, depending on circumstances.

Therefore, if they wish to fulfil their aspirations, everyone is required to perform a *strategic* calculation of possibilities. And because *everyone* chooses, evaluates and calculates – and everyone *knows it* – in order to be effective each individual’s subjective calculation shall ceaselessly have to take into account the calculations made by others. Every single person shall have to strive to include the calculations and choices of others in their perspective, in order to anticipate outcomes and, if possible, control them. Such a specular and continuous dynamic ends by generating a *combinatorial explosion* that no one, not even a godlike mind, could ever master. And nowadays every single person’s

self-fulfilment, value and dignity depend on these unlimited contingencies.

It would take a lengthy analysis to prove the extent to which this *rule of the possible* has affected typically modern “civilisation and its discontents”, in its different forms. From the Nihilist intuition that if everything is possible then nothing is truly real, to the feeling of impotence of post-modernity, summarised by Niklas Luhmann in a single sentence: “everything could be different – and it is nearly nothing that I can change”.⁵

Returning to neoliberalism, the crucial point is that dynamization makes the governing of society based on the traditional notion of “political sovereignty” inconceivable; based, that is, on the idea that it is possible for a sovereign entity capable of *knowing* the collective interest to exist and, hence, feel authorised to *steer* society’s “ship” towards the common good. Because of the combinatorial explosion imposed by the overlapping of different subjective strategies, according to the neoliberals at least, the idea of such a sovereign and universal standpoint becomes a contradiction, a naivety or pure and simple fiction.

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However, the fact that a *top down* order cannot be imposed on social dynamics does not in any way mean that disorder and entropy are inevitable. Suffice it to consider, for instance, the more basic social phenomena of the syntax of a language and its evolution or the set of social conventions and customs. In these cases, order develops *bottom up*, has no author and responds to no “plan”. It is not an “established” order, a *taxis*, but rather a spontaneous, *cosmic* order, *order from noise* in cyber jargon.

The neoliberal idea, in short, is that this kind of “cosmic” order can be promoted in *all* the different spheres of collective action. And that the market is its basic prototype, given that market equilibrium is not generated by any “plan”, but rather by the action of an impersonal mechanism that – precisely because it is *blind* – is able to coordinate all subjective points of view, without favouring any one of them.

Unlike *classic* liberals, however, neoliberals do not believe that such coordination mechanisms can be produced and strengthened by an “invisible hand” or by chance. Creating the conditions for them to develop requires what Rüs-

5 Niklas Luhmann, *Komplexität und Demokratie*, in: *Politische Planung*, Westdeutscher Verlag, Opladen 1971, p. 44.

tow calls “Life-Politics”: the capillary participation of an administrative apparatus, an efficient legal system and constant technical innovation.⁶ *Spontaneous* order is hence an *artefact*: the product of a social machine, a real and proper “civilising device”. From the 1980s onwards, efforts were made precisely to impose this device on a planetary scale, so that it could become the infrastructure of a dynamic, cosmopolitan and pluralistic “great society”.

It is now a matter of trying to understand the deeper reasons why this device has in the end generated *not* greater freedom of choice, widespread creativity or initiative but, on the contrary, the proliferation of control systems, the explosion of inequalities and the consolidation of power relations. So, in a sense, the *downside* of freedom.

3.1 The core of neoliberal anthropology is illustrated by L. von Mises in *Human Action* and is based on the assumption that the main species-specific trait that sets the human race apart from other living species is its ability to intentionally cooperate (*purposeful cooperation*). There are, however, it appears “two different kinds of social cooperation: cooperation by virtue of contract and coordination, and cooperation by virtue of command and subordination or hegemony”.⁷ As is evident, these two different kinds of cooperation are opposed and irreconcilable, in an oppositional scheme that is present in all variants of neoliberalism: *Freiheit* versus *Herrschaft* among the Ordoliberalists; *freedom* versus *coercion* among the Austrian-Americans. The idea is that the degree of *civilisation* of a social system is linked to its ability to entrust, to the extent that this is possible, cooperation to free and voluntary coordination, reducing to a minimum recourse to hegemony and command. On this assumption, market exchanges are considered to be the prototypes of *free* coordination and, hence, of civilisation.

Naturally, neoliberals too are well aware that the market is often the setting for power relations and, therefore, forms of hegemony and command. They believe, however, that such instances can be explained as being a form of aber-

6 See Alexander Rüstow, *Das Versagen des Wirtschaftsliberalismus als religionsgeschichtliches Problem*, Metropolis Verlag, Marburg 2001.

7 Ludwig von Mises, *Human Action*, cited above, p. 195.

ration in which cooperation based on command illegitimately infiltrates “free” market dynamics and is superimposed upon them. Literally, this entails a kind of *re-feudalization* in social relations (according to a definition coined by the Ordoliberalists) that can only be countered by *separating* economic coordination from political power and accentuating the blind, impersonal and, hence, “free” nature of market mechanisms, thereby reiterating the oppositional scheme between “freedom” and “coercion”.

But, in logical terms, there is a problem in that *power relations* can in no way be confined to one or the other poles in opposition, but by their very nature regularly tend to intertwine, join and *merge* coercion with agreement and command with voluntary submission. Basically, in fact, *power* is the equivalent of a relative certainty that other people’s behaviour can be pre-determined to one’s own advantage. It is associated, that is, with a guarantee of obedience⁸ or, in other words, *preventive control over other people’s choices*. For power to *grow*, therefore, the freedom of choice of those who are subjected to it must *also* grow, as long as there is a guarantee that the choices shall, in any case, *benefit* the power structure and its leaders.

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Power, in fact, is never (or almost never) pure and simple coercion. This because, by removing freedom of choice, simple coercion *also* reduces real power to a minimum, especially in a “dynamised” society, submerged by a superabundance of possibilities. In this kind of social environment, power apparatuses have no use for recalcitrant slaves, while they do need willing and faithful vassals who are encouraged to act strategically and creatively, as long as this always benefits the power centre leading them. Hence power is not the opposite of freedom of choice but its correlative or, rather, its *downside* – and, in my opinion, this downside is the “blind spot” that neoliberalism cannot or will not see. And it is this denial that is now decreeing its demise.

3.2 The declared aim of the “biopolitics” promoted by neoliberalism was to *maximise* disseminated potentialities and collective initiatives, on the assumption that risks of abuses of power can only be countered at their roots if the meas-

8 See Jonathan Nitzan and Shimshon Bichler, *Capital as Power*, Routledge, London-New York 2009, p. 17.

urement of value is entrusted to impersonal and blind algorithms. The paradox we are faced with is that the experience of recent years has instead proved the exact opposite. The more calculation devices penetrate social life, the more this “life” is consigned to the service of power relations, creativity is subjected to control and intelligence reduced to a mere administrative technique.

I believe that the point is that the image (diagram, chart) of spontaneous order – which both the market and administrations comply with – is obviously *not* the order in itself, but only its representation, achieved through *conventional* procedures that are influenced, at a capillary level, by three decisive factors: the economic strength of the different players, their political authority and the technical competence available to them. These are factors that logically tend to merge and interconnect precisely in the element that has always been at the heart of power relations: preventive control over other people’s choices.

While claiming to circumvent or neutralise more traditional power figures, the administrative practices suggested by neoliberalism only strengthen the process by which these three factors become interconnected and mutually support each other. And thus they facilitate the genesis of great power agglomerations, in the form of networks, in which economic strength, political authority and technical competence become the facets of one same crystal. And it is precisely these agglomerates that are now pushing global society towards a *short circuit between pluralism and re-feudalisation*, which the neoliberals once referred to as the worst of all evils.

Contrary to all intentions, the device introduced by neoliberalism not only fails to counter such a trend, but it in fact actively incentivises it. And the key to the paradox lies precisely in the basic claim that value, and with it the potential and initiative intrinsic to collective life, can be *calculated*. This because potentiality in itself cannot in fact be calculated, only power can.

In the face of this difficulty, I do not believe that wishing for a return to traditional forms of political sovereignty that, in the meantime, dynamization has rendered increasingly fragile, can provide a solution. The idea of countering the *established* order with a spontaneous, dynamic order without any subject still seems to me to be a promising and, I might even say, an unavoidable speculative move. The point is that *cosmic* order cannot, obviously, coincide with the market and needs to rely on a different and more radical *counter-power* if it is to oppose the new neo-feudal apparatuses with any success.

The decline of neoliberalism, therefore, does not mean that the crisis of modernity is over but, rather, that it is only just beginning to reveal its deepest dimension.