

Liberalism, Neoliberalism, Social Democracy

Thin Communitarian Perspectives on
Political Philosophy and Education

Mark Olssen

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To Jabez, Clare, Bridget, Ursula

Preface

The Credit Crunch of 2008 has exposed the brutal fallacy of neoliberalism and its thesis of the self-regulating market which has been ascendant in both economic theory and policy over the last thirty years. In moving beyond neoliberalism social-democratic arguments are once again coming to the fore, but in the context of the twenty-first century they will need to be theorized in relation to new global concerns. This book critically revisits the core theses of liberalism and neoliberalism that have provided philosophical support to free market economics as enunciated in the writings of liberal political philosophers such as Friedrich von Hayek, Karl Popper and Isaiah Berlin and seeks to expose the deficiencies of their liberal creeds that became hegemonic from the 1970s until the first decade of the present century. In moving beyond the formulas and mantras of liberalism the book seeks to re-theorize social democracy by reconsidering issues such as totalitarianism, the bogey of positive freedom, liberal fears concerning the role of the state, as well as issues such as liberty, autonomy, social dependence, and multiculturalism. It seeks to articulate a new vision of the political arrangements needed for the twenty-first century.

It is in this sense that this book presents a critique of the hegemony of liberal and neoliberal political theory which took its shape during the Cold War of the mid twentieth century and constituted the reigning orthodoxy concerning our taken-for-granted and common sense understandings to do with freedom, markets, multiculturalism, democracy, the role of the state, totalitarianism, and much else besides. In seeking to move beyond liberal hegemony it seeks to provide a thin communitarian political philosophy for the global twenty-first century and a new understanding of social democracy. Such a critique of neoliberalism and a case for a new global social democracy must be seen as very timely in the era of Barack Obama! Such a thin communitarian articulation of social democracy constitutes a formulation which is neither Hegel nor Marx, and in moving beyond both liberalism and neoliberalism it seeks to articulate a politics which is not monistic nor integrative but preserves a conception of pluralism and difference in accord with complexity formulations of the post-quantum theory and is orientated to the demands of the global twenty-first century. In this

sense, the book as a whole seeks to present a new formulation of social democracy which not only moves beyond liberalism but also beyond traditional communitarian approaches.

In more specific terms the individual chapters offer a re-theorization of the dominant liberal theories concerning such topics as totalitarianism, autonomy, multiculturalism, the role of markets, human capabilities and democracy in the light of advances in post-structural theory and complexity analysis. The theory of totalitarianism is very different and completely new in comparison to the standard dominant liberal conception as articulated in the early twentieth century by writers like Hayek, Berlin and Popper which placed an emphasis upon a 'do-nothing' state and maintained a naïve belief in the beneficence of a self-regulating market order. This book takes issue with the liberal explanations in both economics and politics and replaces them with a new theory articulated in terms of and with support from the writings of both social-democratic philosophy and post-structuralism. If in general terms, the book seeks to provide a re-theorization of liberal political ideas in terms of a more social-democratic, or thin communitarian philosophy more relevant to the global twenty-first century, in specific terms there are several major theses:

- a revision to the theory of totalitarianism is one of the crucial novel aspects of the present study.
- a challenge to the individualism of liberal philosophy in relation to its emphasis upon autonomy or self-sufficiency. This book argues that liberal theory has systematically underemphasized the social dependence and connectedness of life forms and human society.
- an endeavour to incorporate a viable conception of multiculturalism within the social-democratic philosophy for the twenty-first century.
- an argument for a conception of the positive role of the state and a concern with both a conception of democratic planning as well as the development of capabilities as central citizen rights for political development in the twenty-first century.

The individual chapters have been written over several years, and some parts have been published before. Chapter 5 draws from my article 'From the Crick Report to the Parekh Report: Multiculturalism, Cultural Difference and Democracy—the Re-Visioning of Citizenship Education', published in the *British Journal of the Sociology of Education*, 18 (2): 179–91, in May 2004. In addition, Chapters 2 and 3 include some paragraphs from my article 'Totalitarianism and the Repressed Utopia of the Present': Moving Beyond Hayek, Popper and Foucault', initially published in *Policy Futures in Education*, 1, 3, 2003, also re-published in Michael Peters and John Freeman Moir (eds.), *Edutopias: New Utopian Thinking in Education* (Dordrecht: Sense Publishers) in 2006. In addition, a shorter version of Chapter 6 was previously published in the

journal *Educational Philosophy and Theory*, 37 (3): 365–389, 2005. I would like to thank the publishers and editors for allowing the inclusion of fragments of work published previously in this book. I would also like to thank Maarten Simons, Oliver Kessler, and Lord Bhikhu Parekh for reading and commenting upon specific chapters.

Mark Olssen
Guildford,
January 2009

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1 Introduction

Beyond Neoliberalism

This book contains a number of perspectives on liberalism as a mode of governmentality. It will deal with the three forms of liberalism—classical liberalism, welfare state liberalism, and neoliberalism—that were documented in the book *Education Policy: Globalization, Citizenship and Democracy* (2004), which I, with my co-authors, John Codd and Ann-Marie O'Neill, traced in terms of their historical emergence, from the seventeenth to the twentieth centuries. In Foucault's (2008) terms, this constitutes a study in "biopolitics", which he defines as including "problems posed to governmental practice by phenomena characteristic of a set of living beings forming a population: health, hygiene, birthrate, life expectancy, race." (p. 317). As such, these problems gave rise to a set of further problems which became important in the eighteenth and nineteenth centuries, and which in the context of how to manage a population, and reconcile control and freedom according to certain specified rules, constituted a framework of political rationality which can be called "liberalism." In Foucault's sense, the problems of liberalism relate to the issues concerning population and "how [it] can be taken into account in a system concerned about respect for legal subjects and individual free enterprise? In the name of what and according to what rules can it be managed?" (p. 317). Such a debate, related specifically to public legislation, he notes, last took place in England in the middle of the nineteenth century (p. 317).

Distinctive to Foucault's approach to liberalism is not to view it as a theory, or ideology, but as a practice, or as he puts it, as "a 'way of doing things' directed towards objectives and regulating itself by continuous reflection" (p. 318). As he continues, "[l]iberalism . . . is to be analyzed as a principle and method of the rationalization of the exercise of government, a rationalization which obeys—and this is what is specific about it—the internal rule of maximum economy" (Foucault, 2008: 318). "It starts from the premise", says Foucault, "that government . . . cannot be its own end" (p. 318). Hence, "the maximization of government should not be its regulative principle" (p. 318). Further, Foucault defines "the fundamental question of liberalism [as]: What is the utility value of government and all actions of government in a society where exchange determines the true value of things?" (2008: 46).

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Liberalism, then, contrasts with a system of rule which prevailed in the sixteenth and seventeenth centuries, which he terms *raison d'État*. As it was posed in the eighteenth century, the question was framed in reference to the quantitative dimension of too much, or too little government. The maxim of laissez-faire came to serve as the rule that specified the limits and scope of government as not governing too much; of not interfering in the economy, or the private domain of the citizenry, but of concerning itself with the general rules of the game. Laissez-faire was thus the solution proposed to the problem of the market in its relation to the government by specifying a rule of self-limitation. It emerged as the reason of the least state, as the "art of governing between a maximum and a minimum" (2008: 28), initially as an opposition to, and refinement of, *raison d'État*, "as the reason of least government as the principle organizing *raison d'État* itself" (p. 28). It posed the question, which is the question of liberalism itself, which is the "question of the frugality of government" (p. 29). More importantly, though, if left to itself, the market was a "site of justice," which obeyed "'natural', that is to say, spontaneous mechanisms" (p. 31). The notion of a 'just' or 'good price' served to operate as the "standard of truth", and the market was a "site of veridiction" (p. 44). Non-intervention is necessary so long as the institutional structures, and contending units, do not facilitate or encourage the creation of monopolies. Not all liberals believed of course that laissez-faire represented a natural mechanism, and maybe Bentham himself had doubts, as L. J. Hume (1967) suggests, yet as a practical rule, the idea of governmental self-limitation took a general hold as the rule or mechanism which best specified that limit. When the government asked of business in the middle of the eighteenth century how can we assist? what do you want from us?—the answer was laissez-nous faire—leave us alone. Thus, the principle of laissez-faire (let be, do nothing) came to encapsulate the idea of a separate domain, with its own rules, its own norms, which operated without direct or immediate supervision, as the condition which best assured its own growth and stability. What was centrally at stake here were a number of issues. One was the adage that government should be lean and efficient and minimize wastage, and unnecessary bureaucracy. Another was related to interference or intervention, or control. A government that interfered too directly, or on too many issues, was likely to impede the very ends sought, by failing to respect the self-managing capacity of those in different sectors of society. Over-specification from the centre constituted a form of direct or authoritative intervention best described as meddling which lacked contextual awareness and preparedness that were specific to local situations and thus defeated the very ends being sought.

One could only 'let be' if nature determined a satisfactory and harmonious outcome. The rise of institutional approaches to economics recast the context in terms of which laissez-faire was relevant, at the end of the nineteenth century and progressively throughout the twentieth century. Central to the relation between the government and the economy is the issue of

control. As some form of institutional legal and political order is necessary to coordinate or regulate the economy, rather than being conceptualized in naturalistic terms as ‘do nothing’ versus ‘interfering’, the relation is best conceptualized in relation to the *type of control* between centres. This is the point that L. T. Hobhouse makes in his own criticism of laissez-faire in his book *Liberalism* (1911). Given the absence of any natural tendency to self-regulation, or self-correction, although control need not be so direct so as to impede the free action of economic agents, control of some sort, will inevitably exist. In some contexts and situations such control may be relatively soft, indirect, and from a distance, and may be confined exclusively to articulating and enforcing certain rules of the game, and certain norms. At others, control may be more direct, and result in direct interventions for the sake of stability or continuance. Hobhouse draws the following distinction between control that thwarts or frustrates human creativity and freedom, and control that facilitates and encourages it. For in his view,

there is no intrinsic and inevitable conflict between liberty and compulsion, but at bottom a mutual need. The object of compulsion is to ensure the most favourable external conditions of inward growth and happiness so far as these conditions depend on combined action and uniform observance. The sphere of liberty is the sphere of growth itself. There is no true opposition between liberty as such and control as such, for every liberty rests on a corresponding act of control. The true opposition is between the control that cramps the personal life and the spiritual order, and the control that is aimed at securing the external and material conditions of their free and unimpeded development. (Hobhouse, 1911: 147)

As a general rule Hobhouse’s point applies not only to relations between government and citizens, but between government and different domains or sectors of society. If nature doesn’t provide an automatic and ‘self-correcting’ mechanism, then some form of control will be necessary. This still leaves the problem of how to identify *types of control* and to specify the *operations specific to each type*. If the self-limiting market will not adequately function as a mechanism for restricting the scope and size and legitimate operations of government, what will? The answer cannot be, either, as classical liberals from the seventeenth to the twentieth centuries maintained, that governments should confine their conduct to a negative role, concerned only with establishing and protecting the necessary formal conditions and structures by which citizen’s liberty could be safeguarded, thereby avoiding all reference to what could be called positive forms of state action. It very quickly became evident that the concerns of states, even though it was generally agreed that it was important they should be limited, clearly entailed many things that qualify under the rubric of positive state action, such as giving subsidies to hard-up theatrical groups, providing for

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leisure or sporting activities, supporting charities, or facilitating the development of the worst off members of society. In addition, states are very directly, and necessarily, in the business today of planning and implementing the future of each rising generation, ranging from planning educational opportunities in line with projected demographic trends, as well as catering for projected needs in relation to health, sanitation, insurance, pensions, and the like, all of which qualify as positive forms of state action, concerned as is now expected, with planning for the capabilities and opportunities of the future. Furthermore, regional global organizations, such as the European Union, today expect—and criticise them if they don't—member and prospective states to provide both negative and positive forms of action necessary to safeguard and provide for their citizens and provide for the development of opportunities and well-being. It is not due to any ideological adherence that states act positively, but due to the sheer complexity of government. The rise of collective power in short was due to the sheer failings of the market. As Karl Polanyi observed with reference to the development of capitalism in the nineteenth century:

The great variety of forms in which the 'collectivist' countermovement appeared was not due to any preference for socialism or nationalism on the part of concerted interests, but exclusively to the broad range of vital social interests affected by the expanding market mechanism. This accounts for all but universal reaction of predominantly practical character called forth by the expansion of that mechanism. Intellectual fashion played no role whatever in this process; there was accordingly no room for the prejudice which the liberal regards as the ideological force behind the anti-liberal development. (Polanyi, 1957: 145)

From the 1860s there was an expanding range of matters on which state action was taken, including legislation relating to employment (child labour), health and education. Polanyi argues, in fact, that changes from liberal to collectivist solutions happened not as a consequence of deep-seated ideological or political commitments on the part of those engaged in the process, but rather due to the practical complexity of the problems that arose. In countries as diverse as Prussia under Bismarck, Victorian England, and France of the Third Republic, each passed through a period of economic liberalism characterized by free trade and laissez-faire, which was followed by a period of anti-liberal intervention in regards to public health, factory conditions, child labour, municipal trading, social insurance, public utilities, and so on. Intervention in markets, especially of the sort that served to establish guidelines and limits, as it related to employment, social services and education, was increasingly designed to influence the quality as well as the quantity of provision, because it was found that the free market was in fact "a poor guide to the best means of satisfying the real wishes of consumers" (Shonfield, 1965: 226–7). Indeed, for Polanyi, rather than markets

being self-regulating natural mechanisms, their very existence had required a strong state. During the nineteenth century, he writes, the road to the free market was kept open by:

an enormous increase in continuous, centrally organised and controlled interventionism. To make Adam Smith's 'simple and natural liberty' compatible with the needs of a human society was a most complicated affair. Witness the complexity of the provisions in the innumerable enclosure laws; the amount of bureaucratic control involved in the administration of the New Poor Laws which for the first time since Queen Elizabeth's reign were effectively supervised by central authority; or the increase in governmental administration entailed in the meritorious task of municipal reform. (Polanyi, 1957: 140)

In relation to education, the operations of the market proved to be particularly pernicious, for without a reasonably planned approach, one is driven to reliance upon considerations of economic costs and benefits as criteria for the setting of educational goals with the consequent danger that the determination of educational goals and objectives is taken out of the education realm altogether. The weaknesses of such economic principles were set out by Keynes in his original arguments against free market policies which he made in his article, 'The End of Laissez-faire', written in 1926:

It is *not* true that individuals possess a prescriptive 'natural liberty' in their economic activities. There is *no* 'compact' conferring perpetual rights on those who Have or on those who Acquire. The world is *not* so governed from above that private and social interests always coincide. It is *not* so managed here below that in practice they coincide. It is *not* a correct deduction from the Principles of Economics that enlightened self-interest always operates in the public interest. Nor is it true that self-interest always *is* enlightened; more often individuals acting separately to promote their own ends are too ignorant or too weak to attain even these. Experience does *not* show that individuals, when they make up a social unit, are always less clear sighted than when they act separately. (Keynes, 1926/1931: 39–40) (emphasis in original)

The statement illustrates the early rejection of market ideology by many moderate liberals earlier in the century who wanted to reform capitalism, rather than abolish it. Keynes argued strongly that there was no tendency towards an efficient equilibrium in capitalist markets, as many others, including Hobson, and Kalecki had argued before him. In Keynes's theory of consumption functions, a diminishing marginal propensity to consume creates a permanent tendency towards disequilibrium, or at least results in an inefficient equilibrium, as a consequence of the inefficient aggregate demand generated. For Keynes, as for writers like John R. Commons, the

opposition to laissez-faire was premised on an institutional approach to economics; the view that institutions count, and that the key to changing the future and managing it effectively is made possible through the dynamics of institutional creation and control. Rather than seeing any automatic mechanism in nature, it was important to understand the historical mode of evolution in terms of how the current situation had been produced. The key to Keynes's understanding good institutional research was to understand history as a complex process of uncertainty where outcomes and predictions could only be understood on the basis of probabilities.

While early liberals saw the market as all-important because the market was regulated by natural principles, the emergence of institutional approaches in the twentieth century modified the role accorded to nature in many theories. The market was increasingly held to be important due to the effects that it rendered on society rather than due to the laws of its generation, or the manner of its origins. The fact that early approaches did not emphasize or recognize the central importance of institutional factors as necessary for the operations of the economy was reinforced in the nineteenth and early twentieth centuries by positivist and naturalistic epistemologies that prevailed prior to the linguistic turn in the twentieth century. Even Marx, saw the logic of capital as propelling us to communism according to principles intrinsic to it and generated from the dynamics of competition inherent in the forces of production themselves. Although Bentham had argued in the early nineteenth century that the juridical was a necessary element of regulation and to the operations of the market, it was not until Weber and the institutional schools that arose later in the nineteenth and early twentieth centuries, that there was a widespread recognition and acceptance that a juridical and institutional dimension were presupposed and were in fact always present and necessary dimensions of society and economy. Since the rise of institutional approaches in economics, the role of nature, although not ejected completely, was qualified by many who stressed the role of both nature and institutions. By some, such as the *Ordoliberalen* in Germany, the idea of the self-regulating natural market order was completely replaced by an institutional requirement for a strong state to construct the market order. The market was necessary for institutional efficiency and freedom, as well as cultural, economic, social and institutional development. Hence, as Foucault (2008) recounts in his 14th February lecture in his 1978–9 lecture course at the Collège de France, while highly sceptical as to the role of nature, the *Ordoliberalen* championed an anti-naturalistic thesis giving a primary role to the state and politics in the construction of the market order. Both naturalistic (*laissez-faire*) and anti-naturalistic (state-engineered) theses asserted the superiority of the market order, but marshalled very different arguments in support.

The rise of juridical-institutional approaches to economics was also recognized by the neoliberal economists in America in the first half of the twentieth century, many of whom rejected the idea of the market as