

# The Neoliberal Narrative

July 1, 2011 Category: Economics

Download as PDF

For those of us who understand basic macro-economics (i.e. post-classical, Keynesian insights), it is astonishing that people somehow still have the impression that Neoliberal economic policies (the very policies that lead to the disaster with which we're now contending) are the best policies to endorse. Neoliberal ideology is nothing short of colossally wrong. In a period of manifest failure of free-market fundamentalism, it is utterly bizarre that the main target of ire amongst the nation's uneducated is "over-reach" by the State. To then seek solutions from those hawking Neoliberal dogma seems nothing short of insane.

The notion that certain things shouldn't be treated as a (for-profit) business seems not to be clear to many people. Certain things are properly social services, and should be handled as such:

- Public healthcare
- Public safety / security
- Public education
- Law enforcement
- Potable water provision

Provision of any of these things to the public as a private (for-profit) business entails egregious conflicts of interest (i.e. ulterior motives, dubious motives, and morally questionable incentives). Treating such things as commodities—things to be hawked, peddled and sold to the highest bidders at the maximum price—entails *unequal access* (i.e. marginalization of those who are vulnerable, disenfranchised, without means)...which, in turn, precipitates dysfunctional social conditions. Unequal access to such things entails structural inequalities. The ensuing state of affairs is antithetical to the principles of a democratic society. In other words, democracy *is predicated on UAHQPE* (such as the ones enumerated above).

The fact is that there is a delimited domain within which civilians must not be seen as (or treated as) customers, but as civilians who, by dint of being *members of society*, are entitled to certain things. In other words, democracy entails not only negative rights, but positive rights as well. With regard to such things, people are seen as *fellow human beings*, not as mere customers.

The glorification of the profit-motive obfuscates this insight, by holding the motivation to make as much money for oneself as possible above all other motives. This undermines civic-mindedness.

Treating the provision of, say, public healthcare as the selling of a product to (target) customers is essentially treating a public good (public health) as a commodity, like breakfast cereals, sneakers, coffee mugs and TV sets. The key difference is that what happens with the person across town regarding commodities doesn't need to be any of my concern (it need to affect me), while access to public goods is my concern (as we're all interconnected as fellow members of society).

That is to say: It matters to me if the person down the street has decent access to quality public healthcare / education / potable water...while it doesn't need to matter to me whether or not the person down the street is purchasing this or that breakfast cereal, pair of sneakers, coffee mug, or TV set.

Breakfast cereals, sneakers, coffee mugs and TV sets, then, are things that properly belong in the free market. It is altogether appropriate that there are private ventures (for-profit business) competing in a

marketplace: making, distributing and selling such things to those willing and able to purchase them. Such is not the case with public goods.

To fail to see this fundamental difference is to fail to demarcate the things that appropriately belong in the public square from the things that appropriately belong in the private sector. These domains can co-exist not only in harmony, but in symbiosis, so long as the stuff of one doesn't infringe upon the domain of the other.

When socialized infrastructure infringes on the domain of private enterprise, it is State over-reach. When private enterprise infringes on State activities, it is corporatism. The former is endorsed by the communist ideology while the latter is endorsed by the Neoliberal ideology. When corporate power overtakes the State, it's called fascism. When the State overtakes corporate power, it's called communism. In either case, the outcome is essentially the same: Statism (highly concentrated power via the collusion of centers of private wealth and government insiders).

It is important to recognize that the profit-motive is not always (inherently) good...that there are certain circumstances in which the profit motive can lead to dysfunction. It is important to see where this is the case and why—lest we allow the free market to tread where it doesn't belong. Yet free market fundamentalism has a seductive narrative—in spite of the fact that it rests on claims that go completely against Reality.

Take the right-wing propaganda about the 2009 stimulus legislation as an illustrative example. If the Great Recession were the ailment, the national economy was the body, and the stimulus was the medicine, then the metaphor goes as follows: Due to concessions to the far-right, the Democrats didn't give the patient enough medicine—yet still managed to put *some* medicine into the ailing body. To the extent they managed to provide some medicine, the sickness was alleviated. (Had enough medicine been given, the body would have come back to health.) As it stands in 2010, the sickness persists—however mitigated it now may be (due to what medicine was provided).

Naturally, it's reasonable to assess this state of affairs and conclude: “We should have provided more medicine. Now that we see that the medicine has done some good—yet was an inadequate amount—lets lick this sickness by providing the body with more medicine!”

Alas, the right wing offered a peculiar, alternate narrative: “Against our protests, a bit of medicine was unfortunately provided. The patient is still sick. Conclusion: *The medicine doesn't work.*” They then add: “Heck, the medical theories that prescribed the medicine are to blame for the sickness. So no more medicine!” Taking this line of thinking, they essentially say: “Let's give the patient more of the stuff that *caused* the sickness.”

Brilliant.

Alas, credulous people are seduced by an appealing narrative—even if that narrative is stupendously wrong-headed. In times of woe, they will cling to any enticing sales-pitch that offers a Valhalla, no matter how chimerical that Valhalla is. Too far right, and the Shangri La is anarcho-capitalism. Too far right, and the Shangri La is some form of absolute socialism. Both are chimeras—recipes for highly-concentrated private power, oligarchy, top-down control, and—therefore—an anti-democratic society. (Here, “oligarchy” should be read as kleptocracy.)

The separation of corporation and State in economic matters is just as crucial as the separation of church and State in social matters. The right wants neither separation. They want corporatism on the one hand, and theocracy on the other. Liberalism is simply the ideal of both walls—thus keeping private interests private (and in check), and the role of the State appropriately limited (and in check). A thriving, stable

economy and a flourishing, fair social order require such conditions to be sustained.

The glorification of the profit-motive (the deification of the free market, the fetishization of private enterprise) has lead to a twisted and distorted depiction of how economies succeed. The Truth is moot if there is not good narrative to serve as an effective didactic vehicle. The narrative must be coherent, simple, and catchy—lest it not take root in the public psyche. What ails us? X? Why does it ail us? What brought it about? Y? Well, then, how did Y bring about X? We need to explain this current state of affairs, not just describe it? What will remedy X? How, when, why? We know that the answer won't be Y. But without a cogent explanation, Y can be passed off as a viable solution! It is irrelevant that such a claim would be inaccurate; under certain circumstances, Y can be made to seem enticing.

With a thorough understanding, perhaps Z will remedy X. But that's also irrelevant if this isn't adequately elucidated for the public. If Z instead of Y can be made to seem like the culprit, then not only will people run away from Z, they may run toward Y...thereby perpetuating the conditions that precipitated X rather than counter-acting them. In this case, a mass-Stockholm Syndrome can be engineered. Such is the case with Neoliberal Ideology.

Progressives have been delinquent in constructing a sufficiently cogent narrative. The potentates of the right-wing Machine have been maestros at orchestrating the dissemination of a tragically contagious Neoliberal memeplex via a marketable narrative: Big government is bad, limited-government is good. End of story.

The idea offered by the right wing is wonderfully easy to digest: State activity is the problem, *not private power*. The State trying to help people (ensure the general welfare) can be passed off as the big, bad Leviathan trying to *control everyone's lives*. It seems to follow naturally that private power is the solution, not any role of the State.

Moreover: Cut taxes for the super-rich and eliminate oversight of corporate activity...and those benefits to the plutocrats will eventually, someday, somehow, "trickle down" to the rank and file. The story is simple—catchy. It even sounds vaguely credible to the untutored ear. Therefore, it sells like hotcakes...accuracy be damned.

Meanwhile...

The Progressive message involves nuance and in-depth understanding. It requires a basic aptitude in history and economic theory. It's not a catchy narrative that can be readily delivered in snazzy sound-bites.

One must become familiar with power asymmetries, socio-economic stratification, barriers to entry, structural inequality, neighborhood effects, public goods, modes of exploitation, etc. All this is complicated—and requires cognitive exertion. Consequently, it doesn't sell well to a mentally lethargic audience with a short attention span. Well-delivered propaganda will win almost every time.

We're dealing with people who are angry and looking for simple answers. We're dealing with people who are frustrated, credulous, simple-minded, and will be sold on the first charismatic demagogue to offer a quick, easy fix. A snazzy sales pitch delivered with fortitude and confidence will always trump a long, dry, turgid explanation. People are hungry for certainty. In this game, the Truth is a moot point. After all, a reactionary mindset is easier to harbor than making the effort to engage in pro-active thinking: meticulous, critical reflection and patient deliberation.

In politics, perception is everything. Why? Because politics is *show-biz*.

At the end of the day, he who best shapes the national debate can most easily appear to win the debate. When the public discourse degenerates to a marketing contest, the most savvy sales-pitch wins. So long as Progressives allow the right wing to caste the discussion in terms of Neoliberal Newspeak, the

outcome of contest is all but predetermined. It's time to deprive the right wing of its rhetorical weapons, so that the debate can transpire in meaningful terms.

Those of us who want people to be candid typically encourage everyone to "call a spade a spade". In the polemic of Neoliberal ideologues, we find that a spade is called a "heart" when they play the card, yet it is called a "club" when *others* try to play it.

What's going on here? And what is the *spade* in question? Observe:

It's dubbed "class warfare" when the proletariat seeks to take measures to ameliorate its disenfranchisement. Meanwhile, it's "protecting the producers and job creators from lazy moochers" when the most affluent take action to protect their own privilege. This narrative is wonderfully convenient if you are seeking to push policies that favor only the privileged few. This has the added effect of painting people as a bunch of lazy whiners—or worse—if they're *not* super-rich, but seeking some sort of enfranchisement.

Regarding the competing interests between the few who are very wealthy and the marginalized masses, we find this peculiar depiction of each side to be commonplace. When the wealthiest operate in their own interests, it's praised as "laissez faire capitalism" in action. Meanwhile, if anyone advocates on behalf of the rank and file, it's dismissed as "class warfare". Go figure.

When the powerful get their way, it's justified by invoking the alleged virtues of the glorious "free market". However, if the rabble were to ever get its way, the scenario would be demonized as a "welfare state". The flagrant asymmetry of this labeling scheme often passes without notice. This ends up being marvelously convenient if you're one of the privileged few.

It's quite a simple taxonomy to understand: "class warfare" when it favors you, "fairness" when it favors me. In the event that wealth becomes highly concentrated in the hands of a few, it's just capitalism working its magic. As for everyone else? Well, they should just accept their lot in life. After all, we're expected to believe, wealth is a consistent barometer for merit.

If anyone suggests that the State should take measures to eliminate structural inequalities, they're just engaging in some petty grievance—groveling for government to "punish" the "job creators" for being "successful". (And, by the way, isn't that what Lenin, Stalin and Mao did? Queue the spooky music.)

Heaven forbid we openly recognize that there are different classes in our society...or say that the distribution of wealth may be even remotely non-meritocratic...or insinuate that there are structural inequalities...or suggest that drastic income inequality indicates some sort of dysfunction. Even more taboo: Have the audacity to insist that the State has a role to play in remedying these problems.

Those who benefit from the established order don't want such issues addressed. Thus, they'll do whatever it takes to discredit efforts to diagnose any of these problems. For them, at least, such things aren't "problems" at all. "Quit your bitchin'," says the plutocrat, as he sips his margarita on his yacht. For him, class warfare already occurred...and *he won*. So what's the big problem?

In Neoliberal Newspeak, "Capital is the engine that drives economic growth" is a claim often touted. This can only be believed by someone who has read *Atlas Shrugged* one too many times. To decode this statement, one need only ask a couple basic questions: Who has the vast majority of capital? The answer is relatively straight-forward: Big Business and the super-rich, not the rank and file. Who actually has to work for a living? The rank and file. That is to say, it is the working class that engages in most of the productive activity.

Let us analyze the statement, "X is the engine that drives Y." If Y means anything worthwhile, it means "economic activity *for everyone*"

”. If that is the case, then X equals “The People” (i.e. the working class). X may also be taken to mean “creative / productive activity” (i.e. the creation of real-world Value).

For Neoliberals, X = the speculative activity of the affluent; Y = corporate power. In other words, in the original statement, “Capital” simply means *money* and the term “economic growth” is a euphemism for increased corporate profits.

So it boils down to this: Which statement is the one that reflects a concern for the public good?

“The working class is the engine that drives economic activity for everyone.” Put another way, “Productive activity by The People is the engine that drives the American economy.”

...or...

“Speculation by the super-rich is the engine that drives corporate profits.” Put another way, “The accumulation of massive amounts of money in a few hands is the engine that drives corporate power.”

The next time we hear lofty statements like, “Capital is the engine that drives economic growth”, we should be aware of what the words really mean.