

# Neoliberal, the tool

**Theory:** Examining the class logic of a fundamentally illogical way of understanding the global economy

By the 1970s it was clear the social democratic welfare state had failed to secure social peace. In fact, it had created the conditions for a new worldwide revolutionary wave, as class struggles in the workplace and wider society overflowed or bypassed altogether the representative organs that were meant to act as a pressure-release valve. A new mode of accumulation was required: neoliberalism was born.

Neoliberalism has been characterised by an extension of the market into previously non-commodified areas of life. This was marked dramatically by the 'Water Wars' in Cochabamba, Bolivia over the privatisation of water supplies, but can also be seen in the patenting of DNA sequences and the commodification of the Earth's atmosphere through carbon trading. Concurrently, this extension of market logic has led to the casualisation and flexibilisation of the labour market, the atomization of the working class and an attack on the representative, collective bargaining structures that characterised social democracy.

During the previous decades, Rand Corporation game theorists had been developing the paranoid assumptions of Cold War nuclear strategy into a model for the whole of society, drawing on Adam Smith's insistence that "regard for his own self-interest" would guarantee the social good through the "invisible hand" of the marketplace and Thomas Hobbes' bleak notion that human beings naturally live in a war of all against all. The neoliberal economist Friedrich von Hayek called this an 'automatic system', which in reality is nothing but the dream of an unfettered logic of capital.

These models assumed *Homo economicus*, economic man. *Homo economicus* was cold, calculating and ruthless – basically, sociopathic. Unfortunately for the budding neoliberal theorists – and fortunately for the rest of us – this economic man was a fiction.

The Rand Corporation's own experiments falsified their fundamental axiom. When tested, the Rand Corporations own secretaries consistently co-operated with one another, and numerous subsequent studies have also discredited the idea. However these were not disinterested scientists searching dispassionately for truth, but ideologists for the logic of capital. Ideologists whose time would soon arrive.

In the hands of the state, these neoliberal ideas would become a powerful force for social transformation. Thatcher declared that "there is no such thing as society. There are individual men and women and there are families." Then she set about



**Security focus:** The state works as policeman, not protector. Right, society's atomisation has caused widespread problems with alienation. Pictures: Chris Brown and Michaël Korchia

making it so. As she said, "economics are the method; the object is to change the heart and soul." Capital had spoken, through its latest avatar.

The result was a massive project of social engineering. People did not behave as the logic of capital required, so they had to be made to do so. The ideal was the production of atomised, cold, calculating individuals pitted against one another in endless competition – the production of the particular 'human nature' of *Homo economicus*.

This ideologically constructed 'nature' would become a major fig leaf for the

neoliberal project, and help secure its autonomous reproduction – since who would resist the laws of nature? Consequently all tendencies to co-operation and mutual aid, all manifestations of collectivity had to be extinguished. Fresh from the industrial unrest of the 1970s, the first targets were the economic representative organs of Social Democracy; the trade unions. Thatcher picked her opening battle with the miners. Across the Atlantic, Reagan took on the air traffic controllers. Neoliberalism had arrived.

This first phase of neoliberalism was explicit class war. Thatcher declared that

# of elite class control

the miners' strike of 1984-5 was "about who runs the country, the government or the unions." Again, stripping away the ideological rhetoric, the question was capital's logic or the working class'. This phase was thus centrifugal – it brought social tensions into the open, polarising society in often violent confrontations between the working class and the state.

Subsequently a second, consolidatory phase of neoliberalism would be developed to manage this problem; this is the role played by communitarian state multiculturalism, enthroning 'community representatives' on ethno-national rather than class lines.

Neoliberalism has seen the social functions of the state rolled back as it has shifted from seeking to guarantee order and social peace (the objective of the social democratic mode of accumulation), to the management of disorder – be that deregulated markets, the permanent global war on terror or the sites where class struggle erupts into the open.

One need simply observe the role of the state in the miners' strike of 1984/5 to dispel von Hayek's fantasy that neoliberalism is an 'automatic system' that doesn't need the state. The clash between capital's logic and human needs always creates social conflict, and thus always requires a coercive force – a state apparatus of law and government. An apparatus that is, as Hayek's ideological ancestor Adam Smith was prescient (and honest) enough to note:

"in every case (...) a combination of the rich to oppress the poor and preserve to themselves the inequality of the goods that would otherwise be soon destroyed by the attacks of the poor who, if not hindered by the government, would soon reduce the others to an equality with themselves by open violence."

The neoliberal state is literally *laissez faire*, rather than trying to impose order, it 'lets things happen' while seeking to stop undesirable effects (such as eruptions of class struggle). This is the link between market liberalisation and the state that characterises this form of capitalism. As the state sheds its social functions, political representation withers; participation in political parties and elections falls, even causing some sections of the ruling class to fear a crisis of legitimacy.

Whereas social democracy sought to integrate a militant working class into the process of capital accumulation by means of class compromise and collaboration, neoliberalism attacks the economic institutions of representation (trade unions) and oversees a withering of political representation (voter apathy, abstention etc). It does this on the basis that the balance of class forces renders such mediating institutions obsolete. Consequently, it is no surprise that neoliberalism's security state bears much resemblance to that 'combination of the rich to oppress the poor'

described by Adam Smith 250 years ago.

So when Thatcher complained about "the hard left operating inside our system, conspiring to use union power and the apparatus of local government to break, defy and subvert the law", we know exactly whose law she meant. The neoliberal state is 'minimal' only in the sense that it is focussed on its core function of class warfare, outsourcing many of the welfare functions and representative organs which were supposed to guarantee social peace under the social democratic mode.

Therefore we can arrive at the counter-intuitive formulation that neoliberalism constitutes 'class collaboration on an individual basis.' The focusing of the state on its core role in capitalist production, managing the disorder inherent to it together with the proliferation of minor hierarchies (team leaders, outsourcing etc) used to try and harness individual, atomised workers to the logic of capital mean that the social question has not only ceased to be "posed openly and honestly", but atomised to the point it ceases to be recognised as a social question at all.

Under the guise of meritocracy, the labour market is shifted away from an open exchange – of labour power for money to live – between a dispossessed class and capital, and towards a naturalised, pseudo-gladiatorial conflict where the promise of individual betterment is held out to encourage opportunistic, individualistic competition and mutual struggle to the detriment of solidarity and mutual aid.

Thus it is increasingly the case that what were experienced and expressed as collective issues under the social democratic mode – be they wage disputes, unemployment or housing – are now experienced as personal issues with individualistic 'solutions' – a career change, promotion, a direct debit to an NGO... This situation is both a cause and an effect of the balance of class forces, and thus our present weakness.

A consequence of this more atomised, casualised workforce is the disappearance of the notion of the 'job for life' – and the identities and communities this fostered – that characterised post-war social democracy. This was a deliberate policy to attack what were the strongholds of working class militancy, in particular the factories, mines and surrounding communities of the West, which have largely been dismantled and exported to the 'developing world' – where the same class conflicts have subsequently re-emerged.

However, it must be reiterated that the enemy is not neoliberalism per se as today's reformists would have it, but the logic of capital. Struggles against neoliberalism are struggles against that logic, but unless they recognise themselves as such face the prospect of co-option into support for reconstituting representative institutions – which is certainly an option open to capital

if faced with increased workers' struggles.

Neoliberalism is an attack on the working class through the dismantling of past class compromises. This is not because post-war social democracy had working class content, but because it marks an extension of the logic of capital and a decomposition of the class. The representative structures of social democracy were not organs of workers' power, but signifiers of the level of working class militancy that made such structures necessary to ensure sufficient stability for continued capital accumulation.

Thus the revolutionary, anarcho-syndicalist approach is not to look back to



a mythical golden era of representation, not to "rebuild the power" of or "reclaim" the unions, nor to "campaign for a new workers party" or "reclaim the state" as today's leftists would have it. To do so rejects the primacy of struggle, mistakes the signifiers of workers' militancy for militancy itself and thus puts the cart before the horse.

In any event we have no desire to return to such horses and carts, even if leftists manage to resurrect them. Instead, the task is to build a libertarian workers movement based on self-organisation, direct action and solidarity.

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This article is an excerpt from a draft section of a forthcoming pamphlet by Brighton Solidarity Federation. [brightonactivist.net/groups/solfed](http://brightonactivist.net/groups/solfed), email: [solfed@solfed.org.uk](mailto:solfed@solfed.org.uk)