

Review of: "Neoliberalism, Strong State and Democracy"

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Potential competing interests: No potential competing interests to declare.

The paper is an interesting read, and the author proves to have profound knowledge about the history of thought and all the authors he considers. Having said that, however, I am not quite sure what the message of the paper is.

Scholars with fundamentally different normative backgrounds have used the terms neoliberalism and strong state in fundamentally different ways. As of today, the term neoliberalism is used to discredit either sensible market solutions (like emission-trading systems); market fundamentalism, whatever that may be in precise terms; or some primacy of the economy over the polity, whatever that again may imply. Indeed, the term neoliberalism evolved into a swearword so diffuse that I would recommend avoiding it altogether in scholarly considerations. Still, I might consider allowing one exemption, and that is the use of the word in its original meaning, as it was coined by Alexander Rüstow back in 1938.

Still, even here, the conceptions behind early neoliberalism were so different – for example between authors like Rüstow and Röpke on the one hand and Hayek and Mises on the other – that using it provoked misunderstandings even in the old days.

The same applies to the term of the strong state, which has also been the source of gross misunderstandings. Binding together the ideas of neoliberalism (in whatever meaning) with the idea of a strong state (in whatever meaning), then, leads to an exponential increase in potential meanings. All this might raise a request for common ground out of which all of these combinations of neoliberalism with a strong state grow.

Indeed, what all the early neoliberals had in common was their observation of governments falling victim to particularistic interests. At the same time, they witnessed totalitarian transitions, most prominently in Russia, Italy, Spain, and Germany. All these totalitarian movements aimed at eradicating individualism and liberalism. Hence, neoliberals had in common their search for government systems that respect the private sphere of individuals and, at the same time, provided – in modern terms – public goods by governments sufficiently independently from particularistic interests.

Their problem was that the neoliberals lacked a criterion for good public policy, which helped them to distinguish particularistic interests from some sort of general interest. Hence, virtually all of them opted for some strong state in the sense that the state was able to resist particularistic interests, but none of them was able to positively define what the general interest would be, that the state should instead be obliged to serve.

This explains the very different and sometimes crude ways those early neoliberal authors addressed the problem. Some of them followed an outspokenly anti-etatist path, like Hayek, Mises and, later on, Friedman. Finally, Friedman visited Pinochet, the bloodthirsty dictator, which was undoubtedly a terrible mistake far beyond its negative publicity effect.

The early public-choice theorists faced the same problem of distinguishing particularistic interests from legitimate political interests. Still, they were the first to systematically approach this issue by way of contractarian approaches (by the way the term “new political economy” is a bit outdated and probably not understood anymore by younger scholars). However, it cannot be denied that they, too, were grounded in an anti-etatist habit. It is also true, though, that the public-choice school has become markedly mature and, hence, more sophisticated during the recent two decades or so.

The request by neoliberals or ordoliberals for a strong state has often been misunderstood and turned against them as an anti-democratic and pro-authoritarian habit (see the case Hajo Rise made against Walter Eucken). But, however one judges Hayek’s or Mises’ ambivalent view on parliamentary democracy, even these authors were certainly not in search for authoritarian alternatives to democracy, no matter how crude some of their ideas turned out to be. This is all the more true for Rüstow, Röpke, and Eucken. Hence, tracing back their views to Carl Schmitt’s authoritarian state conceptions does not seem fair to me, even if he himself referred to it as “authoritarian liberalism” which, in my view, are two non-reconcilable ideas. Finally, it should be noted that constructing similarities between Rüstow’s and Schmitt’s conceptions that are “hardly coincidental” since Rüstow and Schmitt knew each other is even beyond any scope of a fair evaluation.