Review of: "Neoliberalism, Strong State and Democracy"

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Hubert Gabrisch says that he aims to “clarify the term ‘neoliberalism’, which is unclearly defined in academic literature, politics, and everyday life”. It certainly is a term in need to clarification. The author’s strategy is to investigate the formation of neoliberal theory mainly in the works of Friedrich Hayek and almost entirely in the period before 1980. Thus, anyone who thinks, as I do, that “neoliberalism” is predominantly a phenomenon of importance after 1980 and who regards Hayek as only one of its heroes (James Buchanan and Milton Friedman were two others amongst many) and who thinks the concept is best articulated in the Ten Point program of the “Washington Consensus” will find Gabrisch’s approach a rather tangential one.

Gabrisch says that his thesis “is that neoliberalism is predominantly characterised by its state and constitutional agenda, the basis of which is a theory of the market that departs from classical and neoclassical theory”. The departure lies in the place it gives to “state and quasi-state institutions” in ensuring “the efficiency and stability of the capitalist system”. The European Central Bank is the case most discussed by the author.

The main theme running through the article is a contrast between democracy and “authoritarian liberalism”. Neoliberals are said to distrust democracy and to favour the seemingly paradoxical alternative. But “authoritarian liberalism” is a term taken from Carl Schmitt, who is said to have “made important contributions to the neoliberal understanding of a ‘strong state’.” Was Schmitt a neoliberal? Apparently not: “Schmitt cannot be safely described as a neoliberal”. Gabrisch then speaks of “Schmitt’s contribution to the emerging neoliberalism”. He claims that “Hayek adopted the central ideas of Schmitt”. There are three claims here: Schmitt was not a neoliberal; Schmitt contributed to neoliberalism; and the neoliberal protagonist Hayek adopted Schmitt’s central ideas. I don’t think these three claims are consistent. Gabrisch would be more persuasive if his position were clearer.

Was Hayek an “authoritarian liberal”? Only one reason is given in support of a positive position on this: in Chile in 1981 Hayek preferred “a liberal dictator to a democratic government that lacks liberalism”. But this is his stance when having to choose between what he saw as two unattractive alternatives. The author is clear that (unlike in the case of Schmitt) “Hayek's understanding is of spontaneous, endogenously self-creating order, which limits the [state’s] power to control”. That is surely correct. But he then adds that “The state that was not subject to social interests and thus apolitical became, in effect, Hayek's version of the strong state”. But why describe this as anyone’s version of “the strong state”? And if this is unclear, what case remains for seeing Hayek as an authoritarian liberal?

In addition, Hayek was plainly a democrat. As he said, “I profoundly believe in the basic principles of democracy as the

only effective method which we have yet discovered of making peaceful change possible". So too were Buchanan and Friedman. Finding an anti-democratic neoliberal would be a tall order.

In his "Conclusion" a neoliberal political economics is said to be one which advocates "transferring formerly sovereign functions at the national level to independent expert bodies either globally … or, if not possible, with only several nation-states …". In this definition, state institutions no longer have any role in the neoliberal program; they are to be overridden by transnational institutions.

Overall, I think that Gabrisch's account of neoliberalism is unpersuasive. Neoliberalism is primarily about winding back the influence of government in the name of market-driven efficiency gains (whether one thinks that those gains have turned out to be real or not). More generally, the attempt to find an "authoritarian liberal" streak in Hayek and the early history of neoliberal theory is not going to shed light on the meaning of the term as ordinarily understood. As an account of the formation of neoliberal thought before 1980, the article may make a reasonable case. But that is not what it describes itself as doing.

For an excellent survey of the concept and theory of neoliberalism, there is Kevin Vallier's essay "Neoliberalism" in the Stanford Encyclopedia of Philosophy. Vallier says plainly: "Neoliberals support modest taxation, the redistribution of wealth, the provision of public goods, and the implementation of social insurance, embracing a state somewhat more expansive than one where government protects people from foreign powers and domestic criminals, produces public goods, and provides limited services for the poor." One would never guess this from Gabrisch's account. Vallier gives the evidence to support these claims. Maybe these matters are outside Gabrisch's intended scope.

At the least, greater clarity on his scope is desirable. There is a mismatch between the stated aim of the article – a clearer definition of "neoliberalism" – and the article's strategy, which is an historical analysis of the formative period of neoliberal ideas.