Historical Roots of Faith (in the Market): Neoliberalism Before the “Neo”

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And when men live by trade...it is the best product that wins, the best performance, the man of best judgment and highest ability — and the degree of a man’s productiveness is the degree of his reward. This is the code of existence whose tool and symbol is money. – Ayn Rand

The most important single central fact about a free market is that no exchange takes place unless both parties benefit. – Milton Friedman

The Great Depression, like most other periods of severe unemployment, was produced by government mismanagement rather than by any inherent instability of the private economy. – Milton Friedman

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1. Introduction

To begin: we live in an age of neoliberalism – what David Harvey (2007) has called an overarching set of interlocking propositions which contend that “human well-being can best be advanced by the maximization of entrepreneurial freedoms within an institutional framework characterized by private property rights, individual liberty, unencumbered markets, and free trade” (22), and neoliberalism assumes that:

- people are rationally motivated by self-interest
- the market is the best mechanism to harness those pursuits for social good
- the state, with its hierarchical and bureaucratic restraints, thwarts the market and/or privileges certain groups or activities
- state action in the name of the public good thereby often is ineffective or does harm
- the state should therefore be weak in the name market freedom and choice, and ideally itself subject to market competition and discipline – specifically where it counts in budgets (Dunleavy 1992, 3-4; Apple 2005; Halsey, et. al. 1997, 254-262, 356-362; Clarke, et. al. 2007).

This is itself an updating of 18th and 19th century ideas of laissez-faire:

[T]he highest impertinence and presumption...in kings and ministers [is] to pretend to watch over the economy of private people... Let them look after their own expence, and they may safely trust private people with theirs. If their own extravagance does not ruin the state, that of their subjects never will.

[...]

[E]very individual...endeavors as much he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value... He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security...and...only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society... By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affect to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it. (Smith 1937, 329, 423).
This vision came to represent “the promise of a progressive and automatically self-regulating economy was both attractive and exciting[: a] utopian hope for perfection” and social progress (Watkins 1964, 12-13). So as to avoid some of the pitfalls I am about to critique, two points are here acknowledged from the outset. The first is the observation that neoliberalism has become an over-broad god-word of left critique: “Underwritten by simplistic moral denunciations...theories [of neoliberalism] cover over a series of analytic, explanatory, and normative questions [and] in resisting the idealization of the market as the embodiment of public virtue, they end up embracing an equally idealized view of [an] alternative of collective life” (Barnett 2010, 290-291). Fair enough. Second, while there has been a long and vigorous debate over liberal democracy as a political heritage, it is not argued here that this history must be overcome: this is no postmodern denial of democratic possibility or the existence of the demos or a political world in which persons meaningfully assert rights, resist the impositions of power and try and form newer, better forms of it (Walzer 1988, 196). Liberal rights and freedoms “have turned out to be very real...in the light of...totalitarian societies” (Giddens 1982, 222-23) and we turn our backs on this practical achievement at our peril. Very often these rights underwrite the very efforts to critique and/or extend them.

2. Neoliberalism’s Policy Influence, Despite...

While core ideas within neoliberalism have been thoroughly critiqued as contradictory and/or unsustainable, this has made little difference in terms of policy influence (Buschman 2012).

Historically, pure market exchange was never that remunerative and capitalism developed not out of a market economy but rather from “competition without competitors” in the form of monopolies opportunistically formed beyond government intervention or with government cooperation, by “transport over long distances [which] was big business,” and trade in fashionable luxury goods – with frequent synergies among these factors (Braudel 1982, 455, 412, 457). The “idealized classical theory of demand and supply, [of] individuals who act independently to exercise rational choice [and] numerous [producers] each controlling only part of the market supply...failed...as the effects of market concentration, monopoly, and price fixing in many industries...became only too obvious” (Pawley 2009, 76). To give another example, neoliberal assumptions about the social and economic functions of the cool, rational chooser rely on a sociology and “moral commitments which could never possibly be expressly stated” by neoliberalism itself (Lippman 1963, 172). While neoliberals valorize the “pure and anonymous mechanism [of] the market...in reality, what keeps the social order from dissolving into chaos...is the continuity of those very institutions and representatives of [social solidarity] that is in the process of being dismantled” (Bourdieu 1998). As it was put, aside from hard-core political
ideologues, “if you actually say that all we need to do is free the market [as a serious policy choice] everyone will laugh” in the circles that actually do this work (Waller 2006, 60).

Yet as noted neoliberalism has had real policy sway: “educational markets operate within an institutional framework and...if [it] is designed with care and concern markets can be allowed to work their wonders with it – for everyone’s benefit” (Chubb and Moe in Grace 1997, 311). We needn’t invest in targeting underperformers or in improving schools (in the democratic interests of social justice, for instance) since a form of market choice among the young will identify the good ones: “The students themselves are perfectly capable of deciding just how inspiring those schools are as compared to other alternatives available to them” (Sowell 1986, 166), and neoliberals would “make [the] schools vulnerable to the...corrective mechanism” of exit, and make sure “that the funding would follow the student” (Labaree 2000, 119). This has been the basic blueprint to reform education in Anglo-American countries for some time now (Hursh 2007; Apple 2000; Chubb and Moe 1997; Brown and Lauder 1997; Grace 1997) and the result is “state control without responsibility” – outcomes are (in neat circular logic) the results of the enabled choices of parents and children and the free play of markets to bring about standards and a meritocracy – or failure (poor choice) (Brown 1997, 402-404). Similarly, if budgets for library services are slashed in a neoliberal winnowing of public expenses, those who democratically demand them restored should, under neoliberal logic, simply volunteer and/or compete (on the market) to lure the best volunteers for their restored library services (Pullman 2011). After all, “it can be assumed that rational people will and must seek good information [in order to] act effectively and properly” (Dervin 1994, 378), therefore they will provide for their own library services if they truly value them. Under the sway of neoliberal fashion and policy the “overall presumption of ‘goodness,’ where the library ‘should’ be supported because of its innate role” is denigrated (Weingand 2002, 9), and “commercialization will change the strategic directions for library customer services... Ultimately [it] may be what makes libraries more expensive, more lucrative, and, ironically, more customer-service oriented because it will be the marketplace that will determine which services are essential” (Hirshon 1996, 19-20).

The neoliberal vision is of the “responsibilized” institution (behaving like a business responsive to the market) and, more fundamentally, the responsibilized person: “moralized, choice-making, self-directing subjects...[who] produce the condition of [their] own independence,” making an enterprise of their lives by maximizing their employability, behaving in conformity with the labor market, and consuming public services like education and libraries rationally (Clarke 2005, 451).
3. Toward Faith

Neoliberalism thus makes a fundamental normative claim about human nature. How else to characterize Friedman’s (2001) blunt statement that “widespread use of the market reduces the strain on the social fabric by rendering conformity unnecessary” and that “the role of the market...permits unanimity without conformity; that it is a system of effectively proportional representation,” – thus solving millennia of intractable political problems (112-113)? This too is merely an updating of Smith’s (1937) “propensity to truck, barter, and exchange one thing for another...common to all men” (13). Elsewhere Levine (in Lauder 1997) declares the market “‘natural’...in the sense that it is the institutional form proper to our nature as free human beings and...whatever constrains economic agents...is conceptually of a piece with the constraints of bare nature” (388). There have been longstanding intellectual gymnastics to give “the market” a “classical” and “natural” pedigree or history when in fact those very (classical) economists “spent a great deal of their effort elucidating the occasions when private interests and social interests do not correspond” (Waller 2006, 61). The conclusion that the core neoliberal idea – “the market” – is largely symbolic, very powerful, but symbolic nonetheless (Waller 2006) is one with which I disagree. Neoliberal ideas about the interplay of human nature and the market are more like Rawls’ (1996) definition of a “comprehensive doctrine”: that which prescribes “what is of value in human life, and ideals of personal character...cover[ing] all recognized values and virtues within one rather precisely articulation system” (13). In other words, the market and its justice and coordinating power (in combination) are “metaphysical...principles” (Keynes in Waller 2006, 61). As Cox (2002) put it, “the market” has acquired “an identifiable value-laden ‘religious’” character – discourse about it bears all of the hallmarks describing a deity (“the market”) that is omnipotent, omniscient, and omnipresent, complete with an origin myth, an explanation of human behavior, a story of fall and redemption, sacramental practices, a “catechetical network” of teachings and teachers to convey the proper market message, a pantheon of market heroes, and “most important, the...culture’s ‘god’ under whose benevolent, if sometimes mysterious guidance, all things eventually work together for the good” (124, 126). This is the key to how and why “the market” draws its power and holds such longstanding sway over policy.

4. The Faith in “Action” (Historically)

We could leave it at that, dismissing the metaphysics of faith, scoring points against neoliberalism’s history and intellectual intelligibility, and making the point that a more public form of education and libraries affects actual people:
the student without parental guidance who, somehow, must find her way on the “educational market”; the lack of library exposure to richer, deeper resources because “market choice” was not well-researched in choosing a house or neighborhood or college in which the library resides; the stress effects of the economy or racism or gender (or a combination thereof) on citizens and their concomitant ability to “choose” these public services on “the market,” and so on. But that would be a mistake because the issue goes deeper than that. Faith in the market has existed for some time. We err if we wholly identify it as liberalism, but this particular feature of neoliberalism-before-the-“neo” has deep roots – roots that mattered in a direct life-and-death way to millions of people in an actual historical situation: the Irish famine of 1845-1849. We will, for sake of brevity, leave out the seven hundred years of British colonial domination of Ireland; Ireland’s resulting utter lack of infrastructure – physical or bureaucratic – to deal with a catastrophe of this magnitude; or Ireland’s consequent ill-prepared, non-industrial, spade-and-potato peasant culture that persisted into the twentieth century. Marx described Ireland at the time as “an agricultural district of England, marked off by a wide channel from the country to which it yields corn, wool, cattle, industrial and military recruits” (in Nally 2011, 50). Instead, the focus here is on the nauseating repetition of the need to protect or promote the market, its operations, and the consequences if the “natural” forces of food production and distribution were “interfered” with during and throughout the famine – in other words, faith in “the market” in the form of the non-action that took place in the face of massive suffering and death during liberalism’s pre-“neo” early heyday.

It will suffice to say here that contemporary information was not lacking, analyses of the consequences of the potato blight were available, witnesses to the suffering were credible, and there was genuine anguish over the suffering of the Irish people and sustained efforts to help – both abroad and in Britain – Woodham-Smith’s (1962) provides ample evidence. Nevertheless, “the market” was a constant presence in the thinking and calculations of important actors at the center of Irish relief during the famine. These instances are not new discoveries, but rather presented here in basic chronological order in brief as an historical reflection on the thrall of faith in “the market”:

• When the potato failed in 1845, new Prime Minister Robert Peel ordered, in direct contravention of England’s strong protective tariff for its own agriculture (the Corn Law), the purchase of American maize thus significantly meliorating the earliest stage of the famine in 1845-1846. Nevertheless, Government policy was still that “there was to be ‘no disturbance of the ordinary course of trade’ and ‘no complaints from private traders’ on account of Government competition” – including that of food supply (in Woodham-Smith 1962, 48-49).
• Charles Edward Trevelyan was the central figure controlling policy, bureaucracy, and moral calculations in Irish relief. Trevelyan penned a policy document in August of 1846 opining that “the supply of the [Irish] market may safely be left to the foresight of private merchants” – the position taken up by prime minister Lord John Russell (in Donnelly 2001, 65).

• Merchants at that point (August 1846) convinced the then-Chancellor of the Exchequer that they “would not import food at all if it were the intention of government to do so” (in Lengel 2002, 79) and the Government in turn pledged “not to interfere with the regular mode by which...grains were brought into the country [and] to leave that trade as much liberty as possible” (in Woodham-Smith 1962, 101). Prime minister Russell’s position was characterized at the time (by a critic in Parliament): “the supply of the People of Ireland should be left to Private Enterprise and that Private Enterprise and free Trade should not be interfered with” (Bentinck in Lengel 2002, 80).

• In September of 1846, Sir Randolph Routh – who, serving under Trevelyan, played an important role in guiding the relief commissions – urged a halt to grain exports from Ireland to stay famine, to which Trevelyan counseled “not to countenance in any way the idea of prohibiting exportation. The discouragement and feeling of insecurity to the [grain] trade from such a proceeding...cannot be [in] doubt that it would inflict permanent injury on the country” (in Donnelly 2001, 69). Nally (2011) cites a report at the time of “export of grain...infinitely exceeding the imports... whilst the inhabitants were suffering from actual want,” and he concludes that “the poor starved from an inability to command food through market transactions” (51).

• When Trevelyan was challenged about his laissez faire approach to the famine and reliance on the market and private enterprise to provision the Irish, he responded by citing Adam Smith, and more tellingly, Edmund Burke who famously cautioned “all Governments, not to attempt to feed the people out of the hands of the magistrates” (in Nally 2011, 275N88).

• In January of 1847, the English government set aside a sum to purchase seed for food other than the potato for the Irish to cultivate (famine and disease meant that land was going uncultivated). Yet, “seed merchants complained that the Government was interfering,” and Trevelyan once again stepped in “‘to give the required assurance’ that the ‘government would no longer disturb the market’” (in Woodham-Smith 1962, 282).

• Sir Charles Wood, new Chancellor of the Exchequer in 1847, disliked the Peel Administration’s expenditures on famine relief, did not want new taxes, believed in laissez faire and wished to allow the famine to be solved by “natural means” (in Woodham-Smith 1962, 82).
• Even Daniel O’Connell – the undisputed leader of Irish politics at the time and a force to be reckoned with in the English Parliament – worried: “the intervention of the government is...absolutely necessary; such intervention...will impose an enormous burden upon the Government [and] in keeping down the markets will...very likely drive the mercantile classes out of the trade, so that the supplying of food will ultimately fall altogether upon the Government” (in Lengel 2002, 71).

• Woodham-Smith (1962) notes in her history that private enterprise finally function: merchants in early 1847 wrote of “heavy importations of maize [sailing] almost daily” up the Shannon and into Cork harbor, “but they were useless to the people. Destitution and disorganization had gone too far; Ireland was ruined, and high prices and lack of money placed the long-expected food out of reach of the starving” (179-180).

• Trevelyan still wrote in 1848, after the “frightful calamities” of 1846-1847, that “the proper business of a government is to enable private individuals of every rank and profession in life to carry on their several occupations with freedom and safety, and not itself to undertake the business of the landowner, merchant, money-lender, or any other function of social life” (in Donnelly 2001, 21).

• Finally, faith in “the market” was underwritten by a devotion (there is no other word) to private property and this too redoubled suffering during the famine. As it was written at the time, “it was the landlord’s undoubted, indefeasible and most sacred right to deal with his property as he list,” and his “tenants must be taught by the strong arm of the law that they had no power to oppose or resist [since] property would be valueless and capital would no longer be invested” were they to prevail (Lord Brougham in Woodham-Smith 1962, 67). This of course led to the infamous mass evictions and clearances – eliminating peasant rights to bits of land subdivided for subsistence out of the plantations over the centuries – in order to re-consolidate it much like the earlier Enclosure movement in England. Thus “it was possible for Irish landowners who looked back upon the great famine from the vantage point of the mid-1850s to regard that cataclysmic event as advantageous on balance to their interests” (Donnelly 2001, 132, 112-168). Already starving and penniless, families were turned out to live in ditches or holes, their hovels torn down around them, often subsequently driven out of their makeshift shelters (Woodham-Smith 1962, 67).

5. Conclusion

In a remarkably even-handed summation in her standard history of the famine, Woodham-Smith (1962) – who despite her name was Irish – dismisses
the charge that the British response was genocidal, but she divided it into two periods: in the first, until summer 1847, the British government “behaved with... generosity... Not enough was done, considering the size of the catastrophe, but it is doubtful if any Government in Europe...would have done more”; the second period “is difficult to defend” since many districts were chronically bankrupt, tax collection was nonexistent and “yet [they] threw the hordes of wretched destitute on their local [resources], refusing assistance when the second total failure of the potato occurred and even breaking [the] pledge to feed the starving children” (405-406). Nally (2011) strongly argues against the “anachronism” defense – that no government would have interfered with the market at the time – and that contemporary judgments opposing slavery or apartheid could be subject to the same “anachronism” logic, but are not; critical judgment in all eras is a core political need (5). Further, there were strong contemporary arguments against faith in “the market”: the government “know the people have been dying in their thousands and I dare them to enquire what has been the number of those who have died through their mismanagement, by their principles of free trade, yes, free trade in the lives of Irish people” (Bentinck in Nally 2011, 5). “It would require philosophy – and ‘something more’ to convince the sufferers...that this stupendous inequality...is the fiat of the Almighty, and not the effect of some injustice in human laws” (Johnson in Nally 2011, 5-6). These were accompanied broader criticisms of “the self-serving nature of the logic that renders inequality a virtue” – placing the blame squarely on the “speculating capitalists [who] leaves those who have sown and reaped the corn without a meal” (Mitchell in Nally 2011, 52).

So what does this odd little excursus tell us, particularly in terms of neoliberalism, libraries and schools? First of all, it seriously calls into question the neoliberal nostrums of a Robert Nozick (1996) when he writes in 1974 (as it was emerging) that “the state may not use its coercive apparatus for the purpose of getting some citizens to aid others” – a euphemism for taxes, and that the state should be “minimal,” limited to the “enforcement of contracts” – itself a euphemism for underwriting market exchange (698). When we look to our educative institutions and argue for their future and their support, we fly directly into the face of this ethos, this faith. And when we play out its logical end – neoliberal trajectories of de-funding anything that forwards public purposes or the commonweal – we can point to this historical example and argue that extreme logical ends of these ideas have, in fact, played themselves out. Our worries about fundamental hostility towards public educative institutions are justified. Second, when neoliberals argue that they are trying to save these institutions, what they in fact are doing is transforming them: “by turning [them] over to the market [they] will be largely self-regulating” – they will operate as businesses (Apple 2005, 273). In other words, for libraries and schools and universities to survive and thrive, they must be something else, institutions with differing
purposes. Third, contemporary British and Irish critics of famine policy remind us that the political and religious suppression of Ireland, the distribution of its land, and the consequent lag in centuries of its economy were not “natural” conditions to which “the market” could simply respond or deal with. They were man-made policy choices, and faith in “the market” to solve them was deeply irrational in light of this history. George (1999) and Harvey (2007) similarly remind us that neoliberalism itself was not a “natural” outcome of a hard-nosed recognition of human nature, but rather a series of conscious policies, pursued politically through channels of power, with highly unequal results in imbalances of class power and wealth that do not match its populist rhetoric. Finally, faith in “the market” as an all-purpose solution really is just that, faith and neoliberalism does not admit of a plurality of faiths; it is a “comprehensive doctrine.” So when a scholar in our field states that “Yesterday’s library support falters in the cold light of today’s fiscal pragmatism. How can today’s library successfully rethink its position and adapt its operations …in this new environment? The answer lies in effective use of marketing strategies. Marketing can be viewed as a process of exchange” (Weingand 1995, 296), she is stating an imperative (“The answer”), not an option to be considered or adapted. This is what Margaret Thatcher’s acronym TINA (there is no alternative) meant, and as Dewey (1970) noted, “absolute truth exacts absolute obedience” (51-52). The overweening respect and concern for the market in the British response to the Irish famine and contemporary neoliberalism are separated by about 165 years, but they have more in common than we thing – or neoliberals themselves should be comfortable with for that matter.

BIBLIOGRAPHY


NOTES

A. http://www.aynrandquotes.com/


C. http://www.businessinsider.com/milton-friedman-quotes-2012-7#ixzz2T52qTDZY

1. The choice of Braudel and Pawley here is conscious: Braudel’s sweeping three volume series *Civilization and Capitalism*, 15th–18th Centuries certainly complicates any neoliberal platitudes on the origins and native virtues of the market and capitalism; Pawley’s work intelligently and concisely brings similar insights to bear on the market analysis of readers, writers, and intervening professions and institutions like librarians and schools.

2. Though potato failures did occur before and afterwards and hunger was a cyclical and constant feature of Irish peasant life, “when Irish people refer to ‘the famine,’ ...they mean the years of concentrated disaster in which blight firs appeared; and in rapid succession the partial failure of 1845 was followed by the total failure of 1846 and the second total failure of 1848” (Woodham-Smith 1962, 405). Data on mortality is still controversial, but a recent survey of the scholarship brings forth these rough estimates: “excess mortality” – mortality beyond “‘normal’ death rates” during and after the famine due to starvation and opportunistic disease and lowered natality – stands at roughly 1.5 million people 1846-1851; 2.1 million people emigrated between 1845-1855 – the vast majority to the United States; because the exodus was “characterised by an often panic-driven desperation to escape that swept aside customary restraints,” the mortality on board the ships was extremely high since the passengers were the same population ravaged by starvation and disease who were now overcrowded on the ships; estimates of mortality rates among the emigrants are even more difficult, but the mortality rate on the infamous cheap-fare “coffin ships” to British North America (Canada) has been estimated at close to 50% (out of 100,000 people) if those who perished making their way from Canada on to the United States are included; this does not include the tens of thousands who made their way across the Channel to England and died there – often in Liverpool which was overwhelmed; the ships to the United States were more regulated, better provisioned and thus more expensive – meaning that those passengers were initially were more healthy (they had more resources to afford the direct fare) and did not sicken nearly as much due to poor conditions and starvation-level provisions; by the end of the 19th century – basically the demographic playing-out of the famine on mortality, natality, and continued emigration – Ireland had lost about 45% of its population (Donnelly 2001, 169-186).