

## **An Introductory Remark Concerning the Genealogy of Neoliberalism\***

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### **The Contemporary World in Relativization and Paradox**

History is a dialectical “double movement”. It comprises a movement and a counter-movement. This social movement unavoidably co-evolves with a shift in both dominant and counter-ideologies, although the dialectical relation between movement and ideology does not synchronize in time and space. History is also a constant cycle comprising periods of relative stability and periods of upheaval, just as a geological stratum is a stratification of past tectonics.

The method to divide history into some periods (periodicalization) should be set in relation to the transformation in a social formation. Although social relations are relatively autonomous from each other, they are situated in a dynamic world system. The 1970s marked a turning point in terms of neoliberal globalization and the emergence of a neoliberal world order. Globalization means a furtherance of interdependence among states, although its configurations remain fluid and nebulous as is discernible, for example, in the ongoing process of integration and repulsion within the EU, in the fusion of the power core in the Middle East, and in global populism. These unfamiliar sights are a sign that we are facing another transitional period. In other words, we not only have an opportunity to relativize the given social relations that are subsumed under the state, but we also find ourselves in the midst of contradictory forces and opposing ideologies which have arisen in the context of ongoing globalization.

### **The Genealogy of Neoliberalism**

Social movement inevitably co-evolves with some ideology or discourse. Liberalism is an essential ideology for capitalism because capitalism is a socio-economic relation

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based on a free contract among owners of commodities including fictitious ones. Liberalism is necessarily polymorphic in order to adjust its configurations to the existing politico-economic and social relations. Its meaning has changed, in a pendulum movement, to the development of capitalism. Capitalism displays its own polymorphism and its appearance is closely related to morphology of liberalism. Neoliberalism is, therefore, just another expression of liberalism.

Ideal-typically given the embedment and development of liberalism in West European countries, liberalism has emerged as an essential ideology of capitalism and developed together with nationalism. This means that liberalism became an intellectual and spiritual element in the cohesion of the nation (or national) state. In comparison, Japanese nationalism and capitalism were entrenched from “above” after the Meiji Restoration. Japanese nationalism at this time was based on semi-feudalistic relations and on a pseudo-constitutionalism. Under this authoritarian regime, the government was almost devoid of a liberal opposition by the people, and the entrenched political system induced the Japanese to accept imperialism if it were patriotism.

On the other hand, given the intellectual history of the U.K and the U.S., modern liberalism emerged as a form of state interventionism at the turn of the 20th century. This period was an era of intense social reorganization and there was a great burgeoning of social groups. There was, also, the need for the state to build an economic infrastructure for the further development of capitalism, and to respond to an anomie or anxiety for the future caused by the organic transformation of society. Modern liberalism arose in these situations and has been called a reformed or progressive liberalism in contrast with the traditional protective form of liberalism that was idealistically assumed to be unrestrained by the state. The recognition of the need for the state to cope with the urgent problems that were brought about by the ongoing development of capitalism was reflected in theoretical works on welfarism in the UK and conservative social reformism in Germany, whereas American liberalism has been commonly designated as an “interest group liberalism” in political theory.

The period from the 1890s to the New Deal in the U.S has been called the Age of Reform.<sup>1)</sup> There emerged shift from individual liberalism to “interest (pressure) group liberalism” in recognition of the fact that the main agents of capitalist society are not individuals, but social groups including fictitious persons. In consequence there occurred a paradigm shift in the methods of political science from an institutional-deductive method to an inductive-process analysis.<sup>2)</sup> The emerging form of liberalism was an amalgam of collectivistic individualism and nationalistic interventionism. The key term underlying both is the concept of “social control”. At this juncture, American liberalism emerged as an

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1) Richard Hofstadter, *The Age of Reform: From Bryan to F. D. R.*, Alfred A. Knopf, 1955.

2) Morton White, *Social Thought in America: The Revolt against Formalism*, Oxford University Press, 1957.

“interest group liberalism”.

The attempt to put social groups into a controlled orbit was a canalization of social interests into the governmental process. This regime is different from corporatism because group interest is not formerly institutionalized and is based on an assumption of fluidity of its formation and overlapping membership. The body politics of America has been regarded as a complex of multiple interest groups, and governmental process has been conceived in terms of an input-output mechanism. The concept of “social control” was also invoked to regulate monopolies with the aim of placing their economic activities under the control of the federal government. These social and reformative initiatives reconfigured the federal-national state in America into an administrative-interventionist state.

Another term for Fordism is the ‘Second Industrial Revolution’ by reason of the complex of mass-production and mass-consumption that it ushered in through the reorganization and rationalization of production in the 1920s. This politico-social order collapsed drastically at the Great Depression and the New Deal that followed in its wake was a breakthrough project for the reconstruction of capitalist society. This regime was later complemented by the wartime production system. The ideology of this regime was dubbed ‘New Deal liberalism’ and relied on a Fordist-Keynesian socio-economic order. In this paradigm shift in liberalism, the traditional, non-interventionist form of liberalism was rebranded as a conservative one, becoming a kind of paleoconservatism. This means that there occurred a shift in the panopticon system from surveillance by the state, to administration by the state.

Capitalist countries enjoyed reconstruction and rapid development under Cold War liberalism, which was based on a warfare-welfare regime. This was under the auspices of American supremacy and hegemony (a “global panopticon by America”). But this golden age encountered a predicament in a conjunction of contradictions, which included a “double deficit” in national finances and international trade, and widespread opposition to the developed countries by developing areas. This predicament is apparent in the succession of crisis theories that appeared in the 1970s, such as “crisis of legitimacy” and “crisis of crisis management”. In response to these crises, governments declared their strong determination to reduce the inputs into government (especially demands of welfare) and to reconstruct the extant socio-economic structure. Another paradigm shift of liberalism, also, appeared in the guise of public choice theory and the new public management. Neoliberalism emerged as a response to an intensifying organic crisis. Neoliberal globalization was also taking an actual form under these historical conditions.

## **The Advent of Neoliberalism**

The intellectual origins of postwar neoliberalism can be traced back to *Ordoliberalens* in Germany and the Chicago School in America. Although they have some difference in

accent, they share an emphasis on the necessity to transform the social state (*Sozialstaat*) into a market fundamentalist state. Neoliberalism is premised on a conception of humans as *homo-economicus* who are regarded as equal enterprisers in the capitalist system, including labourers. This means individualization of person abstracted from his or her social relations.

The Mont Pelerin Society was founded in 1947 as a politico-economic planning community, and became an influential circle of neoliberalian intellectuals and leading figures in politics and economics of the main capitalist states. The Washington Consensus refers to the global project of reorganizing socio-economic and international relations according to neoliberal principles through policy adjustments among states and many international organizations concurred with these plans. Thus, the revitalization of capitalism was set as a principal state project. The disorganization of trade unions and depoliticization of opposition forces also happened in these contexts.

Although neoliberal market fundamentalism did not attract attention to begin with and was not immediately introduced into a state project, regime shift occurred under the Nixon and Reagan administrations in the U.S., as well as under the Thatcher administration in the U.K. These governments tried to effect a reconstruction of the postwar consensus which had been embedded in reformed liberalism. “Liberalization, privatization and deregulation” became the watchwords of these neoliberal administrations. Put differently, the contrivance has been a political trial to alleviate the arising contradictions of capitalism by a combination of reconstructing the existing socio-economic relations and reinforcing interdependence of socio-economic relations across borders. Thus, neoliberal globalization has arisen as a project to construct a neoliberal world order.<sup>3)</sup>

Neoliberal reconstruction has brought about an alteration of configurations in statehood as a relational entity abstracted by the concept of the state. States/governments justify the ongoing reformation of employment systems and work practices in terms of promoting flexibility in employment, on the view that the labour force is just a cost for production. In addition, the civil sphere necessary for a democratic political process has been declining, and there is a growing propensity towards the competitive state, with nationalism as its momentum.

Nationalism is a political instrument used to strengthen cohesion—that is, to mold the inhabitants into a nation-state through self-identification by comparison with others. Nationalism is dialectical in nature in the sense that its configuration changes according to the relation between inner and outer worlds. Put differently, nationalism is inherently both inclusive and exclusive as history exemplifies both the positive and negative aspects of its nature. But, the idea that nationalism tends towards exclusion is superficial because the

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3) Stephen Gill and A. Claire Cutler, eds., *New Constitutionalism and World Order*, Cambridge University Press, 2014; William Scheuerman, *Frankfurt School Perspectives on Globalization, Democracy, and the Law*, Routledge, 2008.

concept of nationalism is closely related with internationalism and one is impossible without the other. Globalization produces interdependence alongside an opportunity to reconsider conventional socio-economic relations because it demands a relativization of the inside through internalization of the outside.

### **Concluding Rremarks**

Economic inequalities are expanding under neoliberal globalization. In addition, we not only confront terrorism both at home and abroad, but are facing a steadily worsening challenge to human beings which has been called an ecological crisis or “tragedy of common goods”. In other words the world has reached a critical juncture associated with an intensifying organic crisis.

We are now at a turning point as regards the question of whether these predicaments can be changed into a democratic future as an alternative to neoliberal globalization. It may be necessary to consider the conditions of socially just and sustainable development for future generations because democracy is an unaccomplished work that needs to be constantly rebuilt in order for it to be passed on beyond generations and bounded limits. In this respect, the globalization of social relations gives us a chance to construct a new vision of a democratic future at the 70-year anniversary of the end of World War II. The term of democracy includes the meaning of emancipation by the establishment of private and public autonomy. We should reconsider globalizing social relations from the point of view of solidarity and search for the possibility of peace and democracy at home and abroad in order to counteract the trends of ongoing neoliberal globalization.