

Is Liberalism Dead (In All Forms)?, Part 4



By Steven Yates

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Neoliberalism's meteoric rise in the late 20th century; it's decline and fall in our era.

[Part 1](#), [Part 2](#), [Part 3](#),

"In an ideal free market resting on private property, no individual can coerce any other, all cooperation is voluntary, all parties to such cooperation benefit or they need not participate. There are no "social" values, no "social" responsibilities in any sense other than the shared values and responsibilities of individuals. Society is a collection of individuals and of the various groups they voluntarily form."

—Milton Friedman, "The Social Responsibility of Business Is to Increase Its Profits," (NYT, 1970)

"Greed, for lack of a better word, is good. Greed is right. Greed works. Greed clarifies and cuts through to the essence of the evolutionary spirit." —Gordon Gekko, *Wall Street* (1987)

"The case for free trade is based on the British economist David Ricardo's principle of *comparative advantage* – the idea that each nation should specialize in what it does best and trade with others for other needs. If each country focused on its comparative advantage, productivity would be highest and

every nation would share part of a bigger global economic pie.

“However, when Ricardo said that free trade would produce shared gains for all nations, he assumed that the resources used to produce goods – what he called the factors of production – would not be easily moved over international borders. Comparative advantage is undermined if the factors of production can relocate to ... a relatively few countries with abundant cheap labor. In this situation, there are no longer shared gains – some countries win and others lose....

[T]oday’s vital factors of production – capital, technology and ideas – can be moved around the world at the push of a button....

“This is a very different world than Ricardo envisioned. When American companies replace domestic employees with lower-cost foreign workers in order to sell more cheaply in home markets, it seems hard to argue that this is the way free trade is supposed to work. To call this a *jobless recovery* is inaccurate: lots of new jobs are being created, just not here in the United States.” –Paul Craig Roberts and Chuck Schumer, “Second Thoughts on Free Trade” (*NYT*, 2004)

“Imagine if the people of the Soviet Union had never heard of communism. The ideology that dominates our lives has, for most of us, no name. Mention it in conversation and you’ll be rewarded with a shrug. Even if your listeners have heard the term before, they will struggle to define it. Neoliberalism: do you know what it is?” –George Monbiot, “Neoliberalism – the Ideology at the Root of All Our Problems” (*The Guardian*, 2016)

“The purpose of the corporation is not merely to enrich shareholders. The greatest gift in contemporary economic life is the neoliberal idea that the only purpose of the corporation and the only responsibility of executives is to enrich themselves and shareholders. The new economics must and can insist that the purpose of the corporation is to improve

the welfare of all stakeholders: customers, workers, community and shareholders alike. Greed is not good. Being rapacious doesn't make you a capitalist, it makes you a sociopath. And in an economy as dependent upon cooperation at scale as ours, sociopathy is as bad for business as it is for society... Neoliberal economic theory has sold itself to you as unchangeable natural law, when in fact it's social norms and constructed narratives based on pseudoscience." —Nick Hanauer, "The Dirty Secret of Capitalism" (TED Talk, 2019)

Classical liberalism and *homo economicus* may have been "out" in most of academia, but they didn't disappear. Their defenders – in economics, business, or their small corner of the intellectual world – doubled down. Sadly, they did so without considering factors, none of them political-economic in nature, that got secularized classical liberalism into trouble. Instead, they invented *neoliberalism*, elevated utility-maximization and monetization to the status of divine principles, and told us There Is No Alternative.

What Is Neoliberalism? How Did It Originate?

Neoliberalism refers to a range of policies that emphasize free markets, privatization, globalization, and minimal state intervention. To many conservatives this sounds ideal. Do we not want reduced government spending, deregulation, and greater individual economic freedom? Neoliberalism retains a role for government: maintaining the infrastructure deemed necessary for markets to flourish; serving as enforcer of, e.g., trade agreements; and protecting intellectual property rights. It has no quarrel with concentrations of wealth if these are seen as enhancing market efficiency. It tends to dismiss worries about regulatory capture of governmental agencies.

Neoliberals emphasize globalization more than classical liberals did, encouraging economic integration. Borders, they say, are impediments to unfettered free trade and migration.

They have zero patience with the cultural conservatism of those who see disruption when their communities are colonized by peoples who don't identify with or respect their national traditions, don't speak their language (or speak it poorly), and so are unlikely to assimilate.

It is fair, I think, to say that neoliberalism promotes globalism as a general outlook. Its condemnation of "protectionism" notwithstanding, it doesn't reject state protections of economic activity. These tend to favor big enterprises and automatically work against small, family-owned businesses. It hastens Schumpeterian creative destruction via technological change and says that if for whatever reason you don't adapt, your resulting poverty is your fault. It oversees the migration of power from national governments to international organizations with "soft law" accords that serve global corporations with no loyalties except to money and power.

Numerous authors contributed to the development of these ideas. Many were bankrolled by wealthy interests.

The first was Friedrich A. Hayek, whose primary influence came through his landmark book *The Road to Serfdom* (1944) which criticized state-directed central planning. He and fellow Austrian Ludwig von Mises argued that government intervention in the marketplace invariably caused economic dislocations. These led to more intervention until freedom was destroyed and *de facto* socialism instituted.

Mises and Hayek were two leading lights of the Austrian School of Economics. The Austrians try to derive all economic science from a single axiom, that *man acts* (defining *action* as the use of means to achieve ends). They see this as axiomatic because its denial is self-contradictory. A denial that *man acts* would be an action (of a linguistic-conceptual sort, using language to achieve communication). This form of reasoning is called *apriorism*. It marks the Austrian School as Second Stage in the

sense of [Part 1](#). Empiricist economists who go off data (e.g., Third Stage Keynesians and monetarists) predictably reject apriorism as pseudoscientific.

Hayek created the Mont Pelerin Society in the late 1940s. Philip Mirowski and Dieter Plehwe called this group the Neoliberal Thought Collective in their [illuminating anthology](#). Their membership included Karl Popper (author of *The Open Society and Its Enemies* from which George Soros derived the name of his huge operation), George Stigler, Michael Polanyi, and of course, Milton Friedman who would be their U.S. protégé, selling the ideas based at the University of Chicago. There were 33 other founding members (39 in all). In addition to economics they drew on philosophy of science, and on history. The Mont Pelerin Society grew to a membership of hundreds, representing 17 nations.

The Mont Pelerins worried about the spread of collectivism (see [Part 3](#)). As Europeans their context was the post-war reconstruction of shattered economies, government-based central planning being a temptation to short cuts.

Though ultimately embracing the above-mentioned creative destruction, they were troubled by another core idea in Joseph A. Schumpeter's classic *Capitalism, Socialism and Democracy* (orig. 1942). Schumpeter's view: contrary to classical Marxism, capitalism would be undone not by its failures but by its successes. It had produced great wealth and was not impoverishing the proletariat. But this led to leisure – especially among children of the new bourgeoisie. They would grow up with expectations capitalism could not satisfy.

There's an implicit argument here that prosperity and leisure, absent direct consciousness of what made them possible, make for soft and undisciplined youth unable to accept the demands of the marketplace. No teenager, supported by the "bank of mom and dad" and excited by thoughts of becoming a sports star, a rock star, an actor or actress, an astronaut, whatever,

awakens in the morning thinking, "I can't wait to grow up and sell insurance policies." This, Schumpeter thought, would render capitalism less palatable over time. It would push populations leftward.

Schumpeter's view, following the footsteps of the New Deal, was that a critical mass would democratically vote their way into socialism by supporting candidates advancing fundamentally socialist ideas. This would be unstoppable. "Can capitalism survive?" he asked at the beginning of his discourse. His answer: "No, I do not think it can."

The Neoliberal Thought Collective wanted to counter such tendencies, and they pushed their views assertively. Milton Friedman published *Capitalism and Freedom* (1962), intended as a decisive statement of free market principles and a defense of privatization and free trade. In many respects, this was a *Road to Serfdom* for Americans. Friedman would publish the article quoted at the outset in 1970. He used the word *neoliberalism* openly in additional writings, developing further the idea that business has no "social responsibilities" beyond obeying the law. He would popularize this in books such as *Free to Choose* (1980) written with his wife Rose, and an accompanying video series.

It was the start of the Thatcher era in the U.K. and the Reagan years in the U.S. Neoliberalism gained in influence, pursuing policies the Mont Pelerins had championed: tax cuts, deregulation, free trade, globalization, and opposition to communism/socialism. After the Soviet Union fell, leaving a *unipolar world* with the U.S. as the world's sole superpower, these went into overdrive.

Neoliberalism: What Went Wrong?

Neoliberalism, like its forebear, relies on *homo economicus* as a first postulate: we are self-interested utility-maximizers: free trade maximizes self-interest. It's all voluntary. No one

enters into a trade from which he doesn't expect to benefit.

As we've noted, this doesn't fit human nature. We *do* try to maximize utility and we *do* trade, of course, but there is much more to being human. A political economy that neglects our need for community, belonging, validation, and love, not to mention our sense of the difference between right and wrong, cannot stand indefinitely.

It's a commonplace that neoliberal economics created massive inequality via what I've called *welfare-statism in reverse*: a structural distribution of wealth *upwards*. Financialization of the economy contributed to this. Money printing debauched the currency, causing massive inflation (what's being inflated is the money supply) and the well-documented state of affairs in which the cost of living rises while wages remain mostly stagnant.

Add to this Paul Craig Roberts's target: outsourcing well-paying manufacturing jobs to cheap labor countries, destroying American industrial capacity, hollowing out communities in the U.S., and causing the middle class earlier capitalism had created to spiral downward. Generation Z (born from 1997 to 2012, well after these effects had begun exacting their toll) is understandably resentful and greatly worried by the prospects of being unable to find the stable, long-term employment their Boomer and Gen X parents had. In practice, neoliberalism served up a "services economy" replacing real jobs with "gigs," as well as hundreds of hustlers exploiting economic insecurity and offer "opportunities" most of which didn't exist: many were, and are, outright scams. The adage applies that what looks too good to be true, probably is. Think of [MLM](#).

Neoliberals deny the reality of *market failure*. Their claim is that blaming the market when things go awry can be compared to stumbling and falling and then blaming gravity. This assumes, of course, that the marketplace is akin to physics.

The problem: there clearly are market failures, understood as a market either not meeting the needs of buyers for any number of reasons or delivering perverse and harmful consequences.

Consider the healthcare industry (go [here](#) for more details), in which profitability has clearly replaced health as a primary driver. Today, especially in the U.S. which has maintained an exclusively for-profit model (and where neoliberals speak darkly of “socialized medicine”), you don’t have a *healthcare* industry, you have a *sick care* industry. Chronic illnesses “managed” with pharmaceuticals are far more profitable than actual cures. Health insurance, too, has become a racket, in which people who aren’t doctors deny claims resulting in people dying from preventable causes when real health care becomes unaffordable. Hence Luigi Mangione, and his transformation into a folk hero by those who, on some level, have figured this out.

Or consider the war industry, in which the production of weapons makes enormous sums for their manufacturers and contractors, despite the destruction wrought, usually on a population of anonymous expendable foreigners, when the weapons are used in a major city.

Consider finally private prisons. The facility *saves money* (i.e., is more profitable) from feeding prisoners low quality food, so they end up malnourished; or die from treatable conditions because again, medical care affects the facility’s bottom line. Don’t commit crimes, some will retort. Response: those convicted of crimes, even heinous ones, are still human beings. Second response: with money a top priority in the legal profession as well, and many of those accused unable to afford decent legal representation, is anyone out there so naïve as to believe everyone imprisoned for a crime is really guilty of the crime?

An even more serious accusation against neoliberalism, though, holds that by concentrating wealth and power it enabled the

wealthy to become more powerful than any government, because they could buy a servile political class. We have studies such as that of [Martin Gilens and Benjamin Page](#) showing that *oligarchy* is a better term for what emerges from neoliberal economics than *democracy*, because policy reflects what the wealthiest interests want, not the desires of the less moneyed.

Peter Turchin, whose book *End Times: Elites, Counter-Elites and the Path of Political Disintegration* (2023) I discussed [previously](#), argues compellingly that this kind of arrangement is destabilizing. First, it brings *public immiseration*. Its “wealth pump” (Turchin’s term for what I’ve called redistribution of wealth upward) throws previously prosperous populations to the wolves when, as noted, their increasingly meager wages can’t keep up with the cost of living. Second, it *overproduces aspiring elites*, i.e., well-educated professionals competing for a limited (or diminishing) number of well-salaried positions. This provokes resentment and eventual revolt by those sufficiently resourceful and well-positioned to become counter-elites, who turn against the system they tried to join or were once members of. They then work to undermine the system; if they are successful, the result threatens *state breakdown*.

These three factors in how neoliberal economics destabilizes societies are especially acute if there’s a sense among the “losers” that the “winners” cheated, that their gains are due not to genuine merit but skill in gaming the system.

Narrative Collapse.

Cultural Marxism had its Achilles heel. As late twentieth century philosopher Richard Rorty observed in his worthwhile book on the American left, *Achieving Our Country* (1999), and as we discussed in [Part 3](#), it throws the proletariat to the wolves if they are white, male, straight, and Christian – Rorty, a man of the left, would *never* have put it that way, of

course!

He all but predicted Donald Trump's rise (pp. 89 – 91; see my attempt at a comprehensive discussion of Rorty's views [here](#)). He foresaw the consequences of cultural Marxism's neglect of real human beings with real economic struggles, as well as their struggles in the face of the disruption of their communities by mass migration.

The cultural narrative, that *diversity is our strength*, has now collapsed.

The economic narrative driving globalization – that it would make us all prosperous – also collapsed. It was clear not long after the turn of the millennium that it had done nothing of the sort, and would not do anything of the sort.

Together with financialization it was making the rich richer, and that was all you could say about it. That's why we got an Occupy Wall Street, however impotent this movement turned out to be.

Finally, the warfare state narrative driving so-called American Exceptionalism – that the U.S. both can and should bring “democratic institutions” to the rest of world, at gunpoint if necessary, echoing Wilson's call to keep things safe for the “rules-based liberal international order” – had collapsed.

Thus the rise of Donald Trump who despite being a complete outsider in the sense of never having held public office before, had surprisingly little trouble obtaining the GOP nomination.

Then he upset Hillary Clinton, whom the elites and “experts” favored. I don't think Trump himself expected to win.

Trumpism is Not Liberal.

But Trumpism a not a restoration of classical liberalism.

I think it is a sign that *secularized* classical liberalism has run its course.

Trumpism is *illiberal*. Trump is a counter-elite in Turchin's sense. What do we mean, illiberal? Hungary's Viktor Orbán is also described using that term.

Illiberalism rejects the above narratives as delusional. It does not trust "experts" who peddle *The Science* (think: Tony Fauci, who lied about gain-of-function research enhancing the infectious nature of coronaviruses and over two years of lies and efforts to suppress the idea that the coronavirus that causes covid was leaked from the Chinese lab).

Illiberalism tries to expose how the decisions of the pseudo-meritocracy at the top are completely out of touch with the needs and desires of the general population.

It joins conservatism in favoring traditional opinions and practices, even if this means repealing supposed rights of, e.g., biological men to enter women's locker rooms.

Illiberalism will turn to charismatic "strongmen" who say things like, "I can fix this!" if only because there seems no one else able to get the job done.

Hence the fear of "authoritarianism" by those totally unused to having their power questioned or being cast aside (as they were in 2016, and again in 2024).

Elites who favor the "rules-based international order" see it unraveling. They fear illiberalism. But truthfully, illiberalism is *not* the problem (and I fear that Trump is not a systematic enough thinker to have figured out what the real danger facing us is).

This danger, I will argue in my concluding Part 5, is that capitalism is evolving into – may have already evolved into – *not* socialism but what I'll join Yanis Varoufakis, the Greek

economist, author, and former Syriza Party finance minister, in calling *technofeudalism*. For an informal preview, go [here](#).

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Steven Yates is a (recovering) ex-academic with a PhD in Philosophy. He taught for more than 15 years total at several universities in the Southeastern U.S. He authored three books, more than 20 articles, numerous book reviews, and review essays in academic journals and anthologies. Refused tenure and unable to obtain full-time academic employment (and with an increasing number of very fundamental philosophical essays refused publication in journals), he turned to alternative platforms and heretical notions, including about academia itself.

In 2012 he moved to Chile. He married a Chilean national in 2014. Among his discoveries in South America: the problems of the U.S. are problems everywhere, because human nature is the same everywhere. The problems are problems of Western civilization as a whole.

As to whether he'll stay in Chile ... stay tuned!

He has a Patreon.com page. Donate [here](#) and become a Patron if you benefit from his work and believe it merits being sustained financially.

Steven Yates's book *Four Cardinal Errors: Reasons for the*

Decline of the American Republic (2011) can be ordered [here](#).

His philosophical work *What Should Philosophy Do? A Theory* (2021) can be obtained [here](#) or [here](#).

His paranormal horror novel *The Shadow Over Sarnath* (2023) can be gotten [here](#).

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