

# A response to Steve Fuller: The differences between social democracy and neoliberalism



*In a recent EUROPP article, Steve Fuller argued that social democracy and neoliberalism may have more in common than we think. In a response to Fuller's article, [Johan Söderberg](#) writes that if it appears there are no important distinctions to be made between neoliberalism and social democracy, then this is only because of a tendency to look through the analytical lenses of the former, according to which there can be no alternatives.*

Steve Fuller [argues](#) that there is less difference between neoliberalism and social democracy than we have been led to believe. He thanks me for having inspired him to make this claim, which I did inadvertently, through my intervention in the debate between him and Philip Mirowski in Lancaster in July.

There Fuller defended the provocative statement that higher education has benefited from neoliberal reforms. To pull this argument off, he sought to establish a continuity between recent university reforms, introduced during a period of neoliberal hegemony, and the expansion of higher education in the 1960s, introduced at the zenith of social democracy. Hence the need for conflating the two ideologies.

The counterargument that I will elaborate here, is that neoliberalism and social democracy should be treated as two distinct and internally consistent thought and value systems. The integrity of the two ideologies must neither be reduced to practices/policies, which occasionally may overlap, nor to individual representatives, who, over the course of a lifetime, can move from one pole to the other.

## Neoliberalism and the university system

Fuller's argument pivots on the mixed legacy of Lionel Robbins. On the one hand, Robbins' credentials as a neoliberal are firmly established by his decision to recruit Friedrich Hayek to the LSE. On the other hand, Robbins authored the government report whereby many regional universities in the UK were founded, in keeping with a classic social democratic agenda of enrolling more students from the working class. This encourages Fuller to draw an arc from the 1963 [Robbins Report](#) to university reforms of a more recent date (and with a more distinct, neoliberal flavour).

The common denominator of all the reforms, Fuller says, is the ambition to enhance human capital. Alas, the enhancement of human capital is blocked on all sides by incumbent traditions and rent-seeking monopolies. From this problem description – which Fuller attributes to the neoliberals, but which is also his own – follows the solution: to increase the competition between knowledge providers. Just as the monopoly that Oxbridge held over higher education was offset by the creation of regional universities in the 1960s, so is the current university system's monopoly over knowledge acquisition sidelined by reforms to multiply and diversify the paths to learning.

Underpinning this analysis is a bleak diagnosis of what purpose the university system and its employees serve. It is a diagnosis that Fuller, by his own admission, has gleaned from the Virginia-style neoliberal Gordon Tullock. The task assigned to the university, i.e. to certify bodies of trustworthy knowledge, is not called for by any intrinsic property of that knowledge (it being true, safe...etc.), but is rather a form of rent-seeking. The rent is extracted from the university's state-induced monopoly over the access rights to future employment opportunities. Rent-seeking is the *raison-d'être* of the university's claim to be the royal road to knowledge.

In this acid bath of cynicism, the notions of truth and falsehood are dissolved into the basic element that Tullock's world is made up of – self-interest. This reasoning lines up with a 19<sup>th</sup> century, free market epistemology, according to which the evolutionary process will sift out the propositions that swim from those that sink. With a theory of knowledge like that, university-certified experts have no rationale for being. Their knowledge claims are just so many excuses for lifting a salary on the taxpayers' expense. It bears to stress that this argument can easily be given a leftist spin, by emphasising the pluralism of this epistemology. This resonates with statements that Steve Fuller has made [elsewhere](#), concerning the claimants of alternative facts.

Granted, the cynical reading of the university system as a rent-seeking diploma-mill has a ring of truth to it when we, for instance, think of how students are asked to pay higher and higher tuition fees, while the curriculum is successively being hollowed-out. However, as was pointed out to Fuller by many in the audience in Lancaster, this is the result of the consecutive waves of university reforms since the 1990s to ground knowledge production on market principles. If university employees behave like self-interested rent-seekers, it is because they are forced to do so by the incentive structures that have been imposed on them.

Thirty years of neoliberal politics have created the conditions under which categories such as “human capital” and “rent-seeking” start to make good sense. And this is also why Fuller’s argument is so problematic. By relying on those same categories, he contributes to rendering the framing conditions and the history whereby those were put in place invisible. If it appears to Fuller as if there are no important distinctions to be made between neoliberalism and social democracy, then that might be because he is looking through the analytical lenses of the former, according to which there can be no alternatives.

### Defining social democracy

This brings me to the objection that I first made in Lancaster, concerning Fullers’ definition of “social democracy”. In his article, he lays down that the distinguishing feature of this ideology is that it will do just about anything to secure power. That is to say, social democracy has no ideology of its own. To prove this point, he marshals a list of social democratic leaders that have pursued neoliberal economic policies: Bill Clinton, Tony Blair, Gerhard Schröder, and François Mitterand. The ease with which they swung from social democracy to neoliberalism is held up as evidence of the proximity between the two ideologies.

Fuller never answered my question, however, of why he takes those leaders to be the best representatives of the spirit of social democracy? In his article, he qualifies his selection with “in recent times”. If he went further back in time, let’s say to Victor Adler or Olof Palme, then his thesis about the non-ideology of social democracy would crumble. But that makes his truncated timeline even more conspicuous. On what grounds has he left out the most recent of social democratic leaders, Jeremy Corbyn?

What the list “Clinton, Blair, Schröder and Mitterand” signals is not “social democracy”, but its submission under the neoliberal hegemony during the late 1980s up until the financial crisis in 2008 (since then, the rise of authoritarian populism has complicated the picture somewhat). This is to stress, once more, the importance of making analytical distinctions between, on the one hand, internally coherent thought and value systems, and, on the other hand, the individuals that represent those ideologies.

Indeed, the same objection can be made in relation to Fuller’s crown witness, Lionel Robbins. Does the mixed legacy of Robbins suggest an ideological closeness between neoliberalism and social democracy? Or should it rather be said that when the economist hired Hayek at the LSE, he subscribed to one ideology (Manchester liberalism), and, 30 years later, when he advocated state-backed expansion of higher education, he had been influenced by another ideology (Keynesianism)? Robbins made the following reflection:

“Whatever we may think of the virtues of the price system as a mechanism of allocation [...] I am quite clear that as an instrument for maintaining reasonable constancy of *aggregate* demand it has most profound limitations [...] I confess that I have not always held this conviction as strongly as I do today [...] I owe much to Cambridge economists, particularly to Lord Keynes and Professor Robertson, for having awakened me from dogmatic slumbers in this very important respect.” ([Robbins](#), 1947, p.67-8)

Fuller is entitled to ask me to stick my own neck out and give a positive definition of social democracy in contradistinction to neoliberalism. My five cents is that the dividing line between the two runs along the “sociological imagination” of the former. Here I lean on the insights of (the young, pre-Pareto?) Steve Fuller. In [The New Sociological Imagination](#), he described an alliance between knowledge (sociology) and power (socialism). This alliance forged an imaginary within which society could be reorganised on a more rational ground, as opposed to letting society be carried away by the blind forces of the market. That ground is the principled equality and uniqueness of all human beings.

This, of course, is the humanism of the Enlightenment, to which social democracy is not the sole heir. Marxism and various strands of social liberalism drink from the same well. What is more important to my argument, however, is that neoliberalism does not. As the other discussant in Lancaster, Philip Mirowski, has documented over the years, the latter ideology was born in the socialist calculus debate, in fierce opposition to the social democratically governed “Red Vienna”.

Mises and Hayek took up a classic conservative defence-line against the sociological imagination of the reformers by insisting on the limited cognitive capacities of human beings. By replacing God with the Market, they came up with a new supernatural entity that overwhelmed human comprehension, and to which man must bow. It goes without saying that a political reform programme for the university based in Humanism will produce very different results, compared to the kind of university reforms that will be brought forth by an ideology authored by Tullock, Mises and Hayek.

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