

Liberalism, Neoliberalism, and the Literary Left

Deirdre Nansen McCloskey

An interview by W. Stockton and D. Gilson, eds.,
"Neoliberalism in Literary and Cultural Studies."
Forthcoming as a special issue of either *Public Cultures* or *Cultural Critique*

D.N.Mc: I am always glad to respond to queries from my friends on the left. I was myself once a Joan-Baez socialist, so I know how it feels, and honor the impulse.

I've noticed that the right tends to think of folks on the left as merely misled, and therefore improvable by instruction—if they will but listen. The left, on the other hand, thinks of folks on the right as non-folk, as *evil*, as "pro-business," as against the poor. Therefore the left is *not* ready to listen to the instruction so helpfully proffered by the right. Why listen to Hitler?

For instance, no one among students of literature who considers herself deeply interested in the economy, and left-leaning since she was 16, bothers to read with the serious and open-minded attention she gives to a Harvey or Wallerstein or Jameson anything by Friedman or Mill or Smith. (Foucault, incidentally, was an interesting exception.) Please, dears.

I've also noticed that the left assumes that it is dead *easy* to refute the so-called neoliberals. Yet the left does not actually understand most of the arguments the neoliberals make. I don't mean it disagrees with the arguments. I mean it doesn't understand them. Not at all.

It's easy to show. For example, go to the bottom of p. 6 of the English translation of Thomas Piketty's *Capital in the Twenty-first Century* to see a butchering of the elementary analysis of entry at the smell of profits. This from an *economist* on the left. Robert Reich, Tony Judt, Naomi Klein can provide other examples.

For example, the left supposes that the liberals/libertarians/"conservatives" rely on trickle-down, even though the enrichment of the poor from trade-tested betterment since 1800 has been more like a fire hose than a trickle, and has had nothing to do with trickling down from the making of Rolexes or the building of mansions. It supposes, too, that the "invisible hand" is a mere dogma, even though trade-tested betterment—the result of cooperation and competition in markets, observable every time you find a loaf of bread miraculously available in the grocery store—has repeatedly been shown to be bettering compared with the alternatives, such as East Germany.

I have faced the easy-refutability assumption ever since I stopped being a marxoid and started to grasp the argument and evidence that people like Robert Nozick or Milton Friedman or Israel Kirzner put forward. My leftish interlocutors are regularly *astonished*

when I deploy very ordinary 19th-century liberal arguments. Commonly, they have never heard them articulated. They are gob-smacked that anyone would seriously claim, for example, that supply and demand curves pretty much govern prices in actual economies from Venezuela to Virginia. Please, please.

W.S. and D.C.: I'd like to begin by asking you to respond to the term "neoliberalism," at least as it refers to a general set of political and economic ideas and policies. In the words of David Harvey, "neoliberalism," as variously put into practice by state leaders like Ronald Reagan in the United States and Margaret Thatcher in Britain, as well as Deng Xiaoping in China, "proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade" (*A Brief History of Neoliberalism*, Oxford UP, 2). Neoliberal politicians and economists promote the deregulation of industry, labor, and financial markets. They promote the privatization of formerly state provisions like education and prisons.

I know David a little—he hosted me for a talk I gave in the early 1990s (as Donald!) at Johns Hopkins, and a couple of years ago we reconnected briefly at a speech he gave in Chicago. (He seemed then a little uneasy about my gender change. Understandable.) Though he has never grasped elementary economics, or done the homework, I admire his vigor and intelligence in argument, and in particular his courageous battle long ago against the IRS. That sweetly statist institution audited him in the Nixon era *seven* times, as punishment for his eloquent opposition to the Vietnam War. Good for David.

I entirely agree with his definition of neoliberalism. So understood, it's the same as the old, classical liberalism of Adam Smith and J. S. Mill. By contrast, the century-long weirdness in the definition of "liberal" in the Anglosphere—as "slow socialism"—came from Britain late in the 19th century and from the US in the early 20th century. "Neoliberalism," properly defined nowadays brings us back to the Blessed Adam Smith's definition in 1776, as "allowing every man [and woman, dear] to pursue his own interest in his own way, upon the liberal plan of equality, liberty, and justice."

I take it we all approve of such a plan. I take it that no one here is *against* equality, liberty, and justice. So from now on I am going to call what you call neo-liberalism just "liberalism." In my book *Bourgeois Dignity* (2016) I claimed that liberalism caused the modern world. I wish I had had the wit to add the word "liberal" to the subtitle, *How [Liberal] Ideas, Not Capital or Institutions, Enriched the World*. It's too late now, but if I someday get a new edition I'll add "liberal."

Put it this way. As a liberal I want you to be permitted to do things, such as setting up as a hairdresser free of regulation or buying a car from Japan or Korea free of tariffs or sending your children to any K-12 school you or a poor neighbor wants (with, however, IRS-imposed taxes, which for this purpose I enthusiastically support, on relatively high-income people like you and me and David to *finance* the poor person's choice—with vouchers, for example, such as "socialist" Sweden has introduced massively since the 1990s).

By contrast, in his opposition to neoliberalism, David, as a socialist, slow or fast, wants you when trying to do such things to be in fact violently forced, limited, restricted, leashed by law backed by police. He wants you to have access only to an expensive haircut or to have to pay more for an auto to protect US jobs or to get free education only through socialized elementary education provided by an ideologically interested state and a state-capturing bureaucracy and its trade unions, all of them backed by the threat or the actuality of state violence – such as by the IRS. If you practice as a hairdresser in Illinois without a license (to be acquired only by two years of education), you are fined and then jailed. If you try to arrange a trade between Mr. Ishishi in Japan who makes and sells autos and Mr. Smith in New York who is willing to pay for one, and if you refuse to pay the tariff to the U.S. government to spend on wars such as Vietnam or Iraq, you are audited and fined and then jailed. And so forth. Many statist educational or health systems worldwide *prohibit* private side deals for further education or health. You'll forgive me, I hope, when I say that it all reminds me of the prohibitions of queers 1880–1990 – that, too, was backed by state violence, against which, like the war on blacks with cocaine in the 1990s, the left on the whole did not complain.

The *definition* of neo- and nineteenth-century- and down to the present European- “liberalism” is *laissez faire, laissez passer*. By all means, let us have courts to adjudicate property rights and have police to go after force and fraud and have a coast guard to prevent Canada from invading Maine and have a nuclear deterrent to prevent Putin from getting his way all the time. Use independent courts and adversarial procedures to handle non-agreed agreements, such as bank fraud and food poisoning and gross negligence, not state pre-regulations that are most usually taken over by the special interests being “regulated.” Enforce the First Amendment and the Voting Rights Act.

Get the rest of state violence out of our lives and depend mainly instead voluntary agreements. Keep state violence only for the few good functions of government I mention – not roads, for example, which could be and should be privatized, as they were in the hundreds of turnpikes in Britain and North America in the 18th and 19th centuries, and still are in country roads in Sweden. We should remove from our lives, and send to work on mutually agreeable making and selling, all the violence-enabled people like Colbert or Big Bill Thompson or the inquisitors at the National Industrial Recovery Administration or the accountants in the modern IRS collecting massive sums to spend on warfare and corruption and the regulation of hairdressing and subsidies to cotton farmers under “programs” favoring the richest among us.

Laissez faire has been tried out extensively since the 18th century. No one claims it has been pure. But its impurity is not decisive, considering the actual performance of the state mercantilism it replaced or the state socialism that dirigistes want to replace it with. It is always under attack. Interfering in other people's business is attractive to authoritarians. (Ask yourself: are you one? Why?) Hong Kong after 1947 has been close to pure *laissez faire*. Leaving people alone has its own considerable merit. And a consequence has been that average income in Hong Kong – once equal to the pathetic level of the mainland – is now above that of the US. The poorest people in Hong Kong

are now rich by international standards. The claim in social democratic countries (which include, if you look seriously at the programs, the United States) to “help the poor” – despite the small share of governmental activity that in fact does so – persuades the modern Slow Socialists to favor state violence over agreements.

The big modern examples of improvements through economic liberalism are China and India. But the biggest example of the economic good of liberalism is historical, the “bourgeois revaluation,” as I call it, supported by a liberal ideology birthed in the 18th century, which despite all the attacks by statist, especially in the 20th century under socialism and fascism, led to the modern world and to increases in real income per head on the order to 3,000 to 10,000 percent. Listen to that: 3,000 to 10,000 percent. What redistributive policy could achieve such an enrichment of the poor?

Liberalism did not need to be perfectly *laissez faire* to do its work. Moving in a liberal direction, as India did after 1991, sufficed to raise growth rates per person from 1% a year to 7% per year. At 7% per year, Indian real income has doubled every ten years. In a couple of generations the Indians, if they keep being a little liberal, will have income equal to that of Americans.

They also shrink the social safety net, cutting welfare, unemployment, and other programs that aid the poor.

No, they don't, on several counts. For one thing, “programs that [are ‘designed to’] aid the poor” are not the same as “programs that [actually] aid the poor.” I do wish progressives would note the difference, at any rate as a possibility to be looked into factually. I am a Christian libertarian, and acknowledge a responsibility to help the wretched of the earth. “For the needy shall not always be forgotten” (Ps. 10.18). I tithe to my Episcopal church, which runs charities that work. I recently housed in my own home two homeless people for 4 ½ years. But I want to *actually* help the poor, not merely make myself *feel* charitable and Progressive over my second cappuccino perusing the editorial pages of the *Times*. Using state violence to force someone else to “help the poor” is attractive if you don't think too much about state violence, or have never been its victim, or have never actually helped any poor people.

For instance, the minimum wage is said nowadays to be “designed” to help the poor. In actuality it drives the very poorest among us out of getting any job at all. Thus ex-cons, or black young men, or Chicano high-school dropouts. A hundred years ago when the minimum was designed and imposed by literal Progressives, first in Australia and then state-by-state in the US, it was designed explicitly, confessedly, without shame, and on openly eugenic grounds to drive immigrants, blacks, Chicanos, the handicapped, and women entirely out of paid labor, leaving the white, male, American-born in possession of all the jobs. Look it up. Modern progressives don't know the history, and think as they read and sip and turn the page that raising the minimum wage helps the poor. It doesn't. It injures the poorest, in aid of, for example, union members.

Until recently, by the way, I belonged happily to a union, the recently formed union of faculty at UIC. I walked the picket line, chanting the labor songs of my youth. And as a kid I belonged briefly to the National Maritime Union. But unions, good for dignity and better management, and regulations like the minimum wage and occupational licensing, are not why we are rich. We are rich compared with our ancestors because of market-tested betterments such as electric lights and penicillin and universities and autos.

Furthermore, if you look at the actual facts about safety nets, you find that their sizes in presumably neoliberal economies like the US and the UK are about the same as in presumably social-democratic economies like France or Sweden. We are all social democrats now. Tories in Britain support the National Health Service. The big change in all the now-rich countries was from 1910 to 1970. Nowadays the differences among them, compared to the great magnitude of historical change attributable to trade-tested betterment, making generous social provision possible, are not much.

Yes, I know that you believe that Reagan and Thatcher were monsters who hated the poor, and impoverished them. But look at the numbers. Real incomes per head of the poorest among us have risen sharply since, for example, the much-admired 1950s. In 1956 a refrigerator cost 116 hours of work to buy. That's why in the 1950s many poor American households didn't have refrigerators, and none in the UK. Now a refrigerator costs 15 hours of work, and uses less electricity.

As Cromwell wrote to the elders of the Scottish church in 1650, "I beseech you in the bowels of Christ think it possible you may be mistaken."

The overall result has been rising wealth inequality; a stagnating, if not shrinking, middle class; an entrenched school-to-prison pipeline;

Now we have drifted into talking about alleged consequences, and have left definition behind. It's important, as I think you will agree, to keep the definitions of words separate from alleged facts of the world. Otherwise we are, in the correct meaning of the phrase, "begging the question," that is, inserting factual conclusions and practical theorems into the very definitions and axioms we start with.

All of the alleged consequences are mistaken if they are supposed to be connected to liberalism. Some of them did happen, sadly, such as the school-to-prison pipeline for poor blacks and Chicanos. It is outrageous. But the pipeline happened not because of new freedoms of enterprise, but because of anti-liberal policies such as, to take one prominent example among many, the war on drugs. It has made some poor inner-city neighborhoods into places in which gangs with bullets, not grocery stores with price leaders, compete. Chicago from January to September of 2016 exceeded the number of murders in all twelve months of 2015. Therefore in such places no entrepreneur wants to open a business to sell fresh vegetables in grocery stores or to employ people in manufacturing, people who anyway can't get jobs because the minimum wage and union monopolies have priced them out of the labor market.

Naturally the Republicans, the worst of whom are mostly statist protectionists and social fascists, not Christian liberals, approved of the war on drugs and the steeper prison sentences introduced in the 1990s. But wait. Nor did any *Democratic* politician, as I have noted, and not one progressive, complain about the war on drugs – the midnight raids by the DEA, or the local police looking for an easy bust or for an opportunity to resell the evidence out of the locker. Nor did anyone on the left protest the racist prison terms for crack. Consult Bernie Sanders' record of votes.

For shame. Real liberals like Milton Friedman and Nick Gillespie and me, by contrast, have for fifty years been opposing with every ounce of our energies the war on drugs and the military draft and occupational licensure and longer prison terms and other interferences in equality, liberty, and justice. We believe in the liberal plan. Why don't you?

I get leftist friends telling me, to take another instance, that they oppose Uber and Lyft. Wow. They don't seem to realize that by doing so they are carrying water for the multimillionaires who own the taxi medallions. They do not realize that a taxi monopoly gives benefits only to the holders of the state-restricted license-to-enter, and that such a monopoly cannot give benefits to a mere driver *qua* driver, whose skills are commonplace, and are *not* made artificially scarce by violently enforced law (or by violence from black-cab drivers in London, protecting their now-obsolete monopoly of The Knowledge). Nor do they realize that the new competitors to the old taxis will seek riders in minority neighborhoods (as old taxis notoriously will not), chiefly because many of the Uber and Lyft drivers come from such neighborhoods.

My leftist friends earnestly think they are in favor of the poor. Without intending to, however, they regularly and grievously damage them. For shame, for shame. But now that you have listened to the instruction I have kindly provided, you will stop, yes? Galileo in Bertolt Brecht's play puts it this way: "I say to you: he who does not know the truth is merely an idiot. But he who knows it and calls it a lie, is a criminal. Get out of my house!"

The middle class has not "stagnated." World-wide, for example, it has exploded. Ask the Chinese or the Indians. (I often query my progressive friends as to why they seem to care only about *US* people. I don't get it. Aren't we post-18th-century liberals supposed to care a little about foreign souls?) And even in old-rich countries like France and the US, the middle-class people have gotten better off, even in the past thirty years. I heard Joe Stiglitz on NPR in August 2016 saying that the real wage hasn't increased in the US over the past 40 years. Joe is a sweet fellow. But he's a theorist only, who thinks you can prove great social truths standing at a blackboard. He is willing to grasp at so-called facts in a way that a mere bench scientist like me finds appalling. Joe, get out of my house.

For one thing, middle-class people in the US, and poor and rich too, spend less work to get that refrigerator or internet connection, made possible by private cooperation and competition. And they could get food from Chile or Africa at a similarly low price if the

government got out of protecting rich Californian or German farmers. (I have a bumper sticker on my little canary-yellow Smart car, "Separation of Economy and State." Let's do it.)

For another, the statistics you hear about stagnant wages and rising inequality do not track the fate of individuals or families of the "middle class." They look instead at who is in the middle at the moment, regardless of their life courses. If you do track them, you find that the famous "hollowing out" of the middle class is mainly caused by many in the middle rising into substantial riches.

Preventing poor people from rising into the middle class, in turn, is caused not by a vibrant, *laissez-faire* economy but by such progressive-approved items as closed-shop unionism. I like to point out to my classes that I am normally the only person in the room who could actually become an electrician in Michigan, because my grandfather Fritz, my uncle Joe, and my cousin Phil were already in the union. That's the only way you get an apprenticeship. Guess how the Michigan electricians view candidates from the wretched of the earth.

Nor has inequality increased. Yes, I understand. You are *indignant* that I would say such a stupid, crazy thing, considering how often you hear that it *has* increased. But you know that you can't believe everything you read in the newspaper, even if the thing is popular. In fact, especially if it's popular, considering the tendencies to repeat errors until they sound true by, say, the Trumpistas, or for that matter *The New York Times*.

If you will take your copy of Piketty off of the coffee table and actually read it, you will find that his data show that in only three of the many countries he studied has inequality increased substantially in the past few decades, namely, in the US, in the UK, and in Canada.

Aha, you will exclaim – in just the lands of Reagan and Thatcher! (Set Canada aside – "As usual," a Canadian would ruefully note.) No, you are mistaken. The *cause* of the US-UK inequality (which inequality by the way has recently declined) has been the very prosperity of the two countries compared with Old Europe, running against inegalitarian subsidies to home ownership urged by both Republicans and progressives, themselves running into the long-extant illiberal constraints on urban building – zoning and building codes in the US, planning permission in the UK. Who as a result has benefited most from restrictions on building in London? The Dukes of Norfolk and Westminster, who own the land made scarcer by booming London. When I said this to a large audience of lefties at a BBC program broadcast from the National Theatre in London, the audience booed. That's intelligent. Stop the private building of housing in London, then complain that housing in London is expensive, and demand public housing.

and a transformation of public higher education into "outcome"-obsessed job training centers.

About higher education we agree that the triumph of the Administrative University is deplorable. Yet I say again that it's not caused by *laissez faire* but by the opposite, the

impulse to central planning, the rationalist side of the French Enlightenment (as against the liberty side, expressed most clearly in Scotland), the view that we can easily lay down the future with endless administrative rules, in the *Federal Register* of 80,000 pages, or in typical Faculty Handbooks of some hundreds. Dirigisme again. The turn in universities to imposed “practicalities” on the students (as though an education in accounting was always more practical than one in reading good English literature or in making good mathematical proofs) is worldwide, as is the proliferation of university administrators, each equipped with a large salary, a secretary, and several assistants. Being worldwide, it can hardly be blamed on Reagan and Thatcher (though incidentally, Thatcher was no libertarian in educational policy – she centralized K-12 education, for example, and meddled in the universities; on the other hand, she democratized the very definition in the UK of a “university”).

Do you think this political economic description of neoliberalism is fair or accurate? Would you describe political and economic policy over the last fifty-odd years as neoliberal, or is there another term that better suits?

I think the definition by David is just fine, so long as factual claims about consequences are not added into it. We know factual consequences only by inquiring into facts, not by the very definitions of words. But the term that better suits, I affirm, is “liberal,” which is to say someone who believes in the plan of equality, liberty, and justice, as against the conservative pride of rank and tradition, or the various schemes by socialists and fascists since 1848 to glorify the state and to leash tightly the individual and to substitute collective state violence for individual mutual agreement, for the glory of the Nation or the Revolution.

To follow Harvey’s understanding of neoliberalism a bit further, we might understand the “neo-“ prefix as a reference to the resurgence of classical liberalism along more comfortably statist lines.

Sure. It’s a useful distinction. Got it. But there’s nothing much “neo” about it. David didn’t like the retreat from socialism, such as has happened in Sweden and in his home country of Britain, so he had to say that the more comfortably statist lines were All New. The lines, as I said, date to the closing years of the 19th century, starting with the New Liberalism in Britain and with Progressives in the United States, then the New Deal, the Beveridge Report, Labour nationalizations, the NHS, the Great Society. And prominent among the items the neoliberal politician under such a historically accurate definition is more comfortable with is a thrusting military might. Again the comfort is archae-, not neo-, such as protecting the sea routes to India, the Great White Fleet, the nationalist and socialist enthusiasms attending the entry of the US into World War I, the Vietnam War, down to neoliberals voting for the invasion of Iraq. Shame on you, Hillary.

The neoliberal, unlike the classical liberal, believes the government often can help to ameliorate problems like poverty, inadequate health care and housing, and limited education opportunities.

Yes, to which should be added, I do insist, the terrible problem of misbehavior by foreigners, requiring the bombing of civilians, starting with the British fleet bombing Copenhagen in 1807, through British airplanes bombing Iraqis in the 1920s, to Bomber

Harris and the Americans in World War II, and down to the present campaigns. Thus an all-powerful state. Someone who believes we can arm the government with the monopoly of violence yet not expect it to be used against people the people who run the government don't like, such as foreigners or Allende or Kurds or US blacks, is not paying attention. Look at the splendid programs to give local police forces military tanks with which to assault poor people.

And note that the very idea of a social "problem" was new in the early 19th century. We now accept it as obvious that if something undesirable happens, the government should try to fix it. Thus, if consumption of recreational drugs is considered a "problem," the police powers of the state should be rushed into action. Watch what happens to the "new problem" of addiction to opioids. Yet no one in the 18th century regarded poverty, say, as a "problem" requiring collective action.

My advice is examine very skeptically what you call a "problem." The government can't solve all of them satisfactorily. The supposition to the contrary is the Enlightenment faith, as the true liberal Isaiah Berlin put it, that people can do "anything they rationally propose to do." Tom Paine (who by the way was an ardent free trader) said in 1776, "We have it in our power to begin the world over again." Well, sometimes. And yet he also meant by his remark, in liberal fashion, that any one of us should be allowed (*laissez faire*) to start an iron works or distillery free of governmental supervision. He also declared that "government even in its best state is but a necessary evil, in its worst state an intolerable one." Truer words were never written.

The liberal of the Smithian and Millian and Berlinian sort observes that many problems are *caused* by state action undertaken. . . to solve problems. I do not want to fall into what I call the Supply-Chain Fallacy (prominently displayed recently in a book by Mariana Mazzucato, *The Entrepreneurial State: Debunking Public vs. Private Sector Myths* [2013] asserting that if *any* government action helped birth a technology to *any* degree at *any* time, then *most* of the technology is to be attributed to the wisdom of government). So let me confine my counter-examples to *big* causes, not merely some minor cause in the causal supply chain.

Poverty was massively caused, for example, by "protective" interventions by the state into labor markets, because the main effect of the protection is to keep the poor from competing with the middle class or the upper working class. That was its original purpose in Progressivism, admirably well achieved. For example, legislation in the 1920s in some states "protecting" women from working overtime automatically excluded them from supervisory jobs, because the little bosses need to come early and leave late. I don't suppose I need to mention Jim Crow and (inspired by Jim Crow) Apartheid, among the numerous examples of state-enforced poverty. And on and on.

Inadequate health care was massively caused by state intervention into the market for doctors and drugs and nurses and hospitals. It's a long and complicated story, but note that until the early 20th century a druggist could treat your disease (admittedly, until antibiotics not very effectively, but the same was true of doctors); entry to doctoring was

relatively free (the doctors earned until the 1930s about as much as lawyers and professors; but from the 1950s on they earned *three times* as much); nurses and midwives could deliver children (the monopolization of birthing by obstetricians started early in the 19th century, with their “instruments,” but until the very late 19th century it was well known that the lying-in hospitals where the doctors liked to work were death traps); health insurance was not attached to employment, with all the problems Obamacare was designed to fix (employment-based insurance came about to evade wage controls in World War II, and is peculiar to the US).

Inadequate housing was one of the earliest “problems” to be addressed by the state, in the form of slum clearance. The theory was that bad housing *caused* disease, poverty, and, especially, sexual abuse. (The Victorians were very interested in sexual abuse.) And so we introduced zoning, building codes, and planning permission, and knocked down slums to make nice housing for the rich, such as Sandberg Village in Chicago, and high-rise concentration camps for the poor, such as the Robert Taylor Homes in Chicago. Here’s a fact to conjure with: in the 19th century there was not a “problem” of homelessness. When poor people needed housing, cheap housing was built to house them, in profit-making amounts, such as back-to-backs in Salford. Not now.

As to all this “helping” of people, I do wish my progressive friends would take to heart the old joke about the three most unbelievable sentences in English: “The check is in the mail”; “Of course I’ll respect you in the morning”; and “I’m from the government, and I’m here to help you.” When the police approach a black youth in Chicago, he does not suppose they are about to help him. The experience of white, middle-class people with the police, I don’t need to tell you, is different.

The help simply comes in the form of public-private partnerships like the Affordable Care Act (as opposed to a more Progressive single-payer system).

Oh, sure. You’ll forgive me if in my cynical economist’s way I think of the very many “public-private partnerships,” including Obamacare, as resulting in the privates getting rich, the bureaucrats getting powerful, and the poor among the public getting the shaft. In Benton Harbor, which when I was little in the 1940s was lily white but then became black (at any rate close to the downtown), there used to be a park on Lake Michigan that blacks used. It was taken by eminent domain to build a golf course and vacation resort. Not, you may assume, for local blacks. In *Kelo v. City of New London*, 545 U.S. 469 (2005) the Supreme Court decided in favor of a “public-private partnership” in which the homes of poor and middleclass people were demolished for a “comprehensive redevelopment plan.” The plan never happened. For a decade now the acres in New London have sat empty.

Better the liberal plan, I say, under which park goes and home owners would have to be approached by developers with bushels of cash. When you progressives say “public-private partnership” we liberals hear “public-private conspiracy.”

It therefore seems to me that both neoliberals (think Barack Obama and Hillary Clinton) and critics of neoliberalism would argue that your “Separation of State and Economy” bumper sticker is deceptive.

Yes, if by this you mean (you show in the next phrase that you don't) that some nasty and self-interested people in the economy reach into the state and influence it for their own benefit. (I do not mean to “deceive,” by the way. I tell the truth as I see it. No tricks.) It was put this way by Smith (whom I warmly commend to your readers; he wrote only two books; if the readers are serious about challenging their ideas they should take down both books and slowly read them): “to found a great empire for the sole purpose of raising up a people of customers, may at first sight appear a project fit only for a nation of shopkeepers. It is, however, a project altogether unfit for a nation of shopkeepers, but extremely fit for a nation whose government is influenced by shopkeepers.” Spot on.

Even a “laissez-faire” marketplace requires state support. The state defines and then protects property rights through the police and court systems.

This trope of argument tires me out. I hear it all the time from progressives of the Sanders sort and from neoliberals of the Clinton sort. They seem to think that any real-liberal arguments can be refuted with thirty seconds of thought. No, eight seconds. Note here that the true argument, that we need *some* government (which no true liberal denies – we are not radical anarchists, though admittedly we look upon them with sisterly affection), is recruited to make a much more questionable argument, namely, that we need a government taking by compulsion 35 percent or more of GDP for its projects, a government furthermore that unjustly regulates much of the rest of the GDP. Will Rogers used to say in the 1920s, back when the government's take at local, state, and federal levels together was 10 or 15 percent, “Be thankful we're not getting all the government we're paying for.”

The defining and protection of property at all levels would cost perhaps 5 percent of GDP, adding in even the protection against dangerous neighbors, such as Trump's version of Mexicans. The regulations largely enrich the rich, such as in Trump's case by eminent domain, which is a state-sponsored, and gross, violation of property rights. Some protection. As an economic historian put it, reacting in 1971 to the claim by an economic theorist that feudal lords had offered “protection” to peasants, “The possibility that the main, if not the only, danger against which the peasant very frequently was in need of protection was the very lord is not mentioned.” Or the very government, attending on a modern lord.

And by the way, the definition and protection of property rights is in fact largely done by private agreement. Yes, the state is the definer and protector of last resort. But if we are not to leap headlong into the Supply-Chain Fallacy, we need to ask how much the last resort matters. Business contracts, for example, are “enforced” (note the “forced,” which is here a metaphor, but by the hand of the state it is literal) *not* by state violence but by the worry that if I violate a contract, my fellow businesspeople will hear the news and shun me. How do you think handshake contracts are enforced among the Hasidim

diamond merchants who wander on 47th Street with half a million dollars' worth in their coat pocket? Going to the police? Appealing to a *goyisher* judge?

You yourself allow the state may also provide for K–12 education, presumably because you understand that education and economic growth go hand-in-hand.

And so did Adam Smith, who devotes many chapters of *The Wealth of Nations* to the matter. Scotland had the advantage over England that a fierce Calvinism required all the boys and even the girls to be able to read. I certainly recommend (so did Smith) that you and me be taxed, as I said, to *finance* the education of the poor. I approve of it not chiefly because of economic growth (what kind of vulgarian do you suppose I am?!) but because of the human scope that literacy provides.

Yet *financing* by voucher is not the same as state *provision*, from schools staffed by public employees under the orders of the state. There is no good reason that the means of producing education should be thus socialized, or at any rate no more reason than that the means of producing milk or taxis should be. Scottish universities in Smith's time were much superior to Oxford and Cambridge, in educating and in researching. Scottish students paid the professors directly (Smith was a famously good teacher). In England the endowments paid for the fellows to loll about drinking old port. Remind you of anything?

How do you answer the claim that the separation you call for is impossible?

I answer it by noting that, in the way that liberals have always had in mind, the separation is of course "possible." It's happened. My answer is like the joke, "Do you believe in infant baptism?" "Believe in it?! I've seen it!"

I've seen it for example in the US in the 19th century. There's a popular line to the contrary from the left about American economic history that replies indignantly that internal improvements such as canals and ports were fundamental to the success of the economy. It is the theme of Arthur Schlesinger, Jr.'s old book, *The Age of Jackson* (1945), or indeed a number of other books after the War in which academic New Dealers such as Richard Hofstadter and my father defended slow socialism (my father's book was Robert G. McCloskey, *American Conservatism in the Age of Enterprise, 1865-1910* [1951]). The line has the difficulty of the Supply-Chain Fallacy. True, in the US the canals of the 1830s in Ohio, for example, were backed by government bonds, which were sold mainly to the British. But in Britain the earlier canals, for example in the 1790s, were entirely private. And the internal "improvement" of the Ohio canals turned out to be a disastrous investment – because presently the railways came. The state defaulted, and for a long time Americans in London were treated with less than sweet hospitality.

Let me shift to yet another description of neoliberalism: as an economic discourse that encroaches on previously non-economic aspects of life. For instance, Wendy Brown argues that under neoliberalism, "all conduct is economic conduct; all spheres of existence are framed and measured by economic terms and metrics, even when those spheres are not directly monetized. In neoliberal reason and in domains

governed by it, we are only and everywhere *homo economicus*. . ." (*Undoing the Demos: Neoliberalism's Stealth Revolution*, 10).

I dealt with the claim at length in a review of Michael Sandel's book, *What Money Can't Buy* in "The Moral Limits of Communitarianism: What Michael Sandel Can't Buy," [available at my website deirdremccloskey.org](http://deirdremccloskey.org) and by googling <McCloskey Sandel>. (A clumsily shortened version appeared in *Claremont Review of Books*, 12 [Fall 2012]: 57-59 .) Briefly, no. Brown's claim would be like claiming that Christianity is stupid because Jerry Falwell (who has gone to his reward) was stupid. Your "Only and everywhere *Homo economicus*" is, I readily concede, characteristic of the more boyish (note the gender) of my colleagues in economics. It would not describe, say, Albert Hirschman, Robert Fogel, Nancy Folbre, or even my former colleague Milton Friedman. Actually read. Don't weaken your argument by so transparently choosing straw men and women to attack. Go after Dietrich Bonhoeffer or Sarah Coakley, not Jerry Falwell.

You have defended at length the virtues of the bourgeoisie. But what do you say to the claim that there are spheres of human existence that need to be lived apart from economic calculation? Or, to put the question more strongly, what do you say to those many humanities scholars, like Brown, who worry about the impoverishment of politics and ethics caused by the reduction of humans to *homo economicus*?

I say, yes, of course, many, many spheres of human existence need to be lived apart from economic calculation. I have said so at appalling length in three fat tomes, *The Bourgeois Virtues* (2006), *Bourgeois Dignity* (2010), and *Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the World* (2016, all University of Chicago Press). I worry that economists and many others in love with what I call Prudence Only, such as "realists" in international relations, impoverish our thinking, for example about love.

You attributed the rise of the Administrative University to the "central planning impulse." Can you say more about this connection? I hazard to claim that most academics would argue exactly the opposite, citing decreased public support for higher education alongside rising tuitions and the proliferation of associate deans.

By the central planning impulse I mean what Berlin was referring to, the conviction people have, on both left and right, that things can easily be planned, and need to be. One argument you hear is that in olden days the economy was simple, and so could regulate itself, but a complex modern economy needs to be planned. The truth is the opposite. The more complex and specialized and spontaneously bettering an economy is, the *less* it can be planned, the less a central planner however wise and good can know about the billions of preferences and plans for consumption and production and betterment. A household or your personal life might possibly be plannable, though anyone who believes that with much confidence has not lived very long. But a big, modern economy has vastly too much going on to plan.

In a big, modern university it would be much better if the bosses hung up their suits and returned to teaching, or went home to watch TV, and left us alone to do the work. Rely on the professionalism of professors. Fire the associate deans, every one, and spend the money on more professors and grad students, not on paper and planning. Encourage

the existing faculty to hire new people better than themselves. Insist that the faculty read the work of people they propose to hire or fire or promote. Stop asking for letters of recommendation (against which I have also written). And so forth.

I tried 1980 to 1999 in various small ways to improve the University of Iowa, which back in the 1930s and 1940s was among the most innovative universities in the world (for example, the Writers' Workshop). No go. The administrators wanted mediocrity, and with some difficulty, chiefly by crushing faculty initiatives, they got it. At Notre Dame, a depressing case (about which I've also written) is the Department of Economics, which once was interesting and original, to the point of being one of the few economics departments in the US with Marxists. The administration killed it. At my own UIC, Stanley Fish tried to make the place into a Chicago version of UCLA or NYU. His bosses hated him and his ambition, and killed it. And so forth.

It's worldwide, and has nothing to do with reduced governmental funds for universities. In systems such as Holland's, with massive funding of faculty and (mainly upper-middle-class) students, the tendency is the same: hire more deans and deanlets, add more mediocrities running the place, demand more planning, issue more reports, such as the disgraceful one on American graduate education by Bowen and Rudenstein (about which I have again written).

Robert Nozick once attributed the widespread opposition to capitalism among intellectuals—particularly "wordsmith" intellectuals—to an educational system that rewards students for academic achievement. Junior wordsmiths learn to associate reward with education itself, and, at the same time, to think of themselves as among the most valuable members of society. But markets do not operate this way. Do you agree with Nozick's diagnosis?

Maybe, but I think there is a more plausible explanation. It is that we are born into a family, which is an experience of a little socialist community, and especially so if our family is not on a farm or in a small business. Then, if we live in a world enriched by trade-tested betterment, many of us go to university, and if we come from rich families the experience is paid for by someone else. Then if we are clever and slightly crazy to boot we go to graduate school in economics or English. It would be like starting in a monastery at birth and not leaving it until age 30 or so. You would come to think that income fell like manna and was "distributed" by Mom, or the graduate dean. You would think that allocation of resources is naturally to be centralized. You would regard The Market as something outside and alien.

I expect that literary people who get immediately into the market, or indeed anyone who has to work while in college, will be less automatically socialist than their colleagues. Think of Samuel Johnson. "No man but a blockhead," he declared, "ever wrote except for money." "There are few ways," he said again, "in which a man can be more innocently employed than in getting money." His interlocutor at the time, the Scottish printer, Strahan, who also lived by trade, remarked, "The more one thinks of this, the juster it will appear."

Finally, do you find the dominance of leftist ideologies among the humanities professoriate to be an educational problem—a lack of intellectual diversity, if you will? If so, how would you correct it?

Oh, yes, it is a problem. I was at a gathering at UIC some years ago to listen to a leftist professor tell us all about the history of the American economy since the War. He was no dope, but he had not studied economics or economic history with much self-critical care. I rose and mildly suggested that such-and-such a point might possibly be mistaken. He said, “Oh, I see you are a neo-liberal,” *and sat down*. Further, none of my friends from English or History (and they *are* my friends: I speak without sarcasm) rose in my defense. None urged the speaker to attempt a serious reply to someone who, after all, had some slight claim to know a little about economic history. It was depressing.

What to do, then? All we actually can do: gladly learn and gladly teach.