



Τόμος Πρακτικών Φιλοσοφικού Forum «Ανάδρασις»
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ΑΡΧΑΙΑΣ ΕΛΛΗΝΙΚΗΣ ΦΙΛΟΣΟΦΙΑΣ

**CRITICISM AGAINST NEOLIBERALISM:
THE ARISTOTELIAN VIEWS ON THE OBLIGATIONS
OF THE REPUBLIC TOWARDS ITS CITIZENS
AND RADICAL HUMANISM¹**

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The collapse of the Soviet Union and other communist countries in the decade of 1990s has been an occasion for the supporters of capitalism to develop their arguments against the state intervention in the field of social and economic affairs.² Already the decade of 1980s was a decade of neoliberal victories in USA and G. Britain, although in France and other southern European countries, “socialist” parties got the power and promised support of the weaker social classes.

Generally in the decade of the 1980s we observed a tendency of some politicians and economists to express doubts for the effectiveness of *Keynesian policies* and to maintain that the policy of *monetarism* is more

¹ The paper has been presented during the 4th DIALECTICAL SYMPOSIUM OF THE WORLD PHILOSOPHICAL FORUM and at the INTERNATIONAL PHILOSOPHICAL FORUM – ANADRASIS, in November, 2014, in Athens.

² See M. Friedman, *Capitalism and Freedom*, The University Chicago Press, 2002, pp. 23-50.



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preferable because is more effective. The *social policy* and the *Welfare State* have been considered as institutions and state choices with high cost which could not be covered by the fiscal policy of the governments. The taxes had to be high and the citizens (but what category of citizens? The very rich people ...) and the big companies reacted with negative way. The reality was that in the post-war period the standards of living in developed or semi-developed (with strong consumption tendency) countries increased, so the offers of the governments, based on the principle of a Welfare State, had to be higher and higher.

But such a condition was a result of the late stage of capitalist economy and society (development of services section, accelerated consumption of the masses,³ “artificial” needs, mass media manipulation with the promotion of the “life style” and the “dream” of “making big money”). Things are more complicated for capitalism than they seem at first glance. It cannot develop if the purchase ability of people is very weak, but at the same time presses the governments to diminish the offers to people and the taxes of companies. That’s why we can speak for the so called “legitimation crisis” (according to the critical theory of Frankfurt

³ See J. K. Galbraith, *I Kinonia tis Afthonias, (The Affluent Society)*, Athens, Papazissis, 1970, pp. 167-187.



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School)⁴ which exactly is connected with the great contradictions of the late capitalist system. Nevertheless the existing system manages to survive.

The world finance establishment tries to turn the cost of the economic crisis onto the shoulders of the working classes and generally of the majority of people. Behind the so-called “ineffectiveness” of the Keynesian model, the “accused dysfunctions of economy” because of the state interference, behind the under scored need for “competitiveness” of business firms, there is always the insistence of the aforementioned establishment on its profits, i.e. its profit not to be reduced or much worse how that profit will be maximized.

Additionally some liberal economists and politicians found the occasion of the collapse of the Soviet Union and other communist regimes, as well as the fiscal problems of many countries as a chance in order to attack generally the *command economy*, the social policy, the intervention of the Governments into the field of economic affairs, even the public sector of the economy. They went further ahead and spoke more broadly for the need of the “reduction of the state functions” in the

⁴ See J. - M. Vincent, *La Theorie Critique de l' Ecole de Francfort*, Paris, Editions Calilée, 1976, pp. 129 - 156.



name of free economy and society (in other words “market economy” ...). Thus, Milton Friedman⁵ declared that *liberal economy* (namely capitalism) is a prerequisite for a real liberal society. The “smaller the state”, the better for a free society.

But at this point we should make some necessary clarifications: One thing is “statism” or political totalitarianism and a different thing is the necessary existence of the *public sector* of the economy or the *social state*. Other thing is the freedom of the independent citizen and other thing the limitless, uncontrolled activity of *corporations*.

The aforementioned economists and much more the *Chicago school*⁶ in general considered the state as an obstacle for the economic development, which is based only on private individual initiatives and activities. They believed that the state should only put some rules for the economic “game”, which is based on free market economy and should not intervene in order to protect the weaker social classes and control the profit-centered activities of the companies. For them the priority should

⁵ See M. Friedman, op. cit., pp. 31 – 33.

⁶ See D. Patinkin, 1981, *Essays On and in Chicago tradition*; M.W. Reder, “Chicago School” in J. Eatwell et al. (eds), *The New Palgrave Dictionary of Economics*, vol. 1. The founders of the Chicago School were Frank Knight, Lloyd Mints, Henry Simons and Jacob Viner. After 1945 leading professors and economists of that school were Milton Friedman, George Stigler, Aaron Director, Ronald Coase, Gary Becker and Robert Lucas.



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be given to companies and individuals, as they are activated in the economic sphere and not to politics, neither to the state functions and interventions. For them the political world, the polity should be on the second level of influence compared with the economy as it works on liberal principles. The polity definitely should not be the “controller” of economic activities (in other words of capitalist enterprises and much more of corporations...)

Milton Freedman had a real concern about the free citizen and his activities and believed that only a society composed of free citizens can be really free.⁷ The *command economy* based on *centralised bureaucracy*, for him, is an obstacle for the building of a free society.

But the views of Freedman presuppose an ideal social context, in which the individual economic competition is free without limitations coming from powerful established economic circles, for example from monopolies.⁸ From the beginning, capitalism did not work as Adam Smith⁹ envisaged, namely as an economic system in which free individuals have a true and unhindered competition in the field of

⁷ See M. Friedman, op. cit., pp. 36 - 38.

⁸ See P. A. Baran – P. M. Sweezy, *Monopoly Capital*, Harmondsworth, Penguin, 1966, pp. 63 - 106.

⁹ See A. Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, London, Routledge, pp. 1 - 80 (1st book).



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economic activities, all of them starting from the same point. From the very beginning capitalism tended to be monopolistic.¹⁰ And monopolies by definition cancel the freedom of individuals as economic actors and furthermore of the whole society.

Especially late capitalism (with the consumption society) controls not only *the supply* but also the *demand*,¹¹ and because of that restricts the freedom of the individuals. The mass assumption society of the ever increasing “artificial needs”, of advertisement, manipulation, tv-centered “life style” is an especially “illiberal society”. It is a society with an “illusion of freedom”¹² and the stamp of the “corporations’ empire”.¹³

On the other hand the views and the “prescriptions” of the Chicago school (always priority to the free market combined with monetaristic policies), as Krugman pointed out in his book *The Economic Crisis of*

¹⁰ See P. A. Baran - P. M. Sweezy, op. cit., pp. 277 - 284, 339 - 423.

¹¹ See J. K. Galbraith, op. cit. pp. 150 - 166, 167 - 187; J.K. Galbraith, *The Industrial State*, Harmondsworth, Penguin, 1967, pp. 206 - 244.

¹² See J. Baudrillard, *La Société de Consommation*, Editions Denoël, 1970, pp. 13 - 57; N. Mouzelis, *Yia Ena Enallaktiko Trito Dromo (For an Alternative Third Way)*, Athens, Themelio, 2001, pp. 41 - 47, 50 - 52.

¹³ See L. A. Mooney et al., *Understanding Social Problems*, 5th ed., Thomson/Wadsworth, 2007, pp. 223 - 225.



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2008,¹⁴ failed in Mexico and other Latin American Countries and could not predict the crisis of South East Asia in 1977. The exponents of Chicago School believed to the *self-regulation of markets* but such a thing has not been confirmed. Many deviations from the ideal condition of a self-regulating market economy have been observed. Even the billionaire and broker George Soros in his book *The Crisis of World Capitalism* maintained that the market economy cannot be self-regulating because the actors do not follow rules and principles but mainly their greedy desires.¹⁵ He was based on his so-called theory of *reflection*¹⁶ and displayed many examples. He furthermore criticized the hyper development of the “market section” of society and on the contrary underlined that “non- market section” needs much more strengthening. What has been considered as socioeconomic achievement of the western democracies (USA, Canada, Western Europe) in the post-war period, an

¹⁴ See P. Krugman, *The Return of Depression Economics and the Crisis of 2008*, 2009, pp. 33 - 38, 60 - 86.

¹⁵ See G. Soros, *The Crisis of Global Capitalism*, 1998, pp. 25 - 68, 187 - 203, 225 - 237, 327 - 334, 339 -345.

¹⁶ See G. Soros, op. cit., pp. 50 - 55.



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achievement identified with the *Welfare State*¹⁷ and the relative prosperity of the middle classes, was not based on the neoliberal “prescriptions”. On the contrary, it has been based on the state intervention in the sphere of economic life according to *the principles and aims of social policy and law*. Keynesian policy does not mean socialism or “state ownership of means of production or “statism” or in last analysis canceling of “free society and economy”.¹⁸ “Statism” (with its *hypertrophic state power structures* that have not *social functionality*) is or *political totalitarism* is a thing different than the necessary existence of the public sector of economy or the social state. Another thing is freedom of the independent citizen and other thing the limitless, uncontrolled activity of corporations as economic “empires”.¹⁹

Keynesian policy means only the necessary state intervention for a more balanced society even in terms of capitalism; it means organized avoidance of the extreme negative consequences of capitalism. If a government doesn’t accept command economy, such a choice does not

¹⁷ About the term “Welfare state” see W. Outhwaite (ed), *The Blackwell Dictionary of Modern Social Thought*, Blackwell Publishing, 2006, pp. 733 - 734. See more R.C. Birch, *The Shaping of Welfare State*; W. Beveridge, *The Pillars of Security*, 1943.

¹⁸ See J. M. Keynes, *The General Theory of Employment, Interest and Money*, London, Macmillan, 1973; J. K. Galbraith, *The Good Society, The Humane Agenda*, Houghton Mifflin Company, Boston, 1996, pp. 1 - 6, 130 - 138.

¹⁹ P. Krugman, *The Return of Depression Economics and the Crisis of 2008*, Athina (Athens), Publ. house: Kastaniotis, 2009, pp. 219 - 224, N. Mouzelis, op. cit., pp. 26 - 28, 58 - 59, 92 - 98.



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mean the acceptance of the other extreme, i.e. the neoliberal policy, which is the position of the Chicago school.

The whole aforementioned questioning is connected with discussions in the field of political theory between the *republican version of democracy and the liberal procedural one*.²⁰ The choice of the government to intervene in the sphere of economic structures is associated with the former version of the democracy and is backed by it, while the neoliberal positions are associated with the latter one and are backed by it.²¹

According to the republican version of democracy governments have functions and obligations to teach “civil virtues” to citizens,²² beyond the guarantee of *human and civil rights* and the principle of *tolerance*.²³

Exactly at this point we should refer to the Aristotelian political philosophy, regarding the mission and the obligations of polity in general (Democratic Polity included of course). Aristotle’s views on these

²⁰ See M. J. Sandel, *Democracy’s Discontent*, Cambridge, The Belknap Press of Harvard University Press, 1998, pp. 4 – 20; M. Sandel “Justice and the Good”, in M. Sandel (ed.), *Liberalism and its Critics*, New York, New York University Press, 1984, pp. 159 - 176.

²¹ See M. J. Sandel, *Democracy’s Discontent*, op. cit., pp. 4 - 7.

²² Ibid, pp. 5 - 6.

²³ Ibid, pp. 8, 91 - 100.



obligations support the arguments of the republican version of democracy and obviously have a great difference from the views of the exponents of the liberal procedural version of democracy (and, surely, from the views of neoliberal economists).

Aristotle wrote²⁴ that the “Polis”, the Polity in general aims at *the highest good for the whole society* and, of course, of the particular individuals. The Polity with its laws should place “*rules of life such as will make its members good and just*”.²⁵ Thus, it has obligations, and functions regarding many sectors of society, its ultimate purpose being the GOOD LIFE,²⁶ and the particular social and political institutions should contribute to this aim. Consequently, it is its own concern to set up *economic arrangements that are friendly and favorable to self-governance and the cultivation of civil virtues. The economic and social equality are absolutely connected with these arrangements* while they are

²⁴ Ibid, p. 7; See Aristotle’s *Politika (The Politics)*, vivlion Γ’ (book C), Athina (Athens), Kaktos, 1992, pp. 53 - 55 (1280a31-1281a10). Probably, according to the spirit of the “Chicago school”, what a great philosopher says should not be taken in account for he can be considered “so much idealistic”. But such a position is wrong. It is only a result of the “technocratic way of thinking”; see E. Moutsopoulos, “Ti Apegine o Filofofos?” (What has become of the Philosopher?), in *Δ(D) iotima*, Review of Philosophical Research, (10), 1982, p. 164. Regarding the way whereby we can adapt the political thought of Aristotle to the contemporary political circumstances, see E. Moutsopoulos, *Filosofia tis Kerikotitas (Philosophy of Kairicity)* Athina (Athens), Publ. house: Kardamitsas, 1984, pp. 12 - 14.

²⁵ Aristotle’s, *Politika (The Politics)*, op. cit. pp. 51, 53.

²⁶ J. K. Galbraith, *The Good Society, the Humane Agenda*, Boston, Houghton Mifflin Company, 1996, pp. 1 - 5, 130 - 137.



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incompatible with the neoliberal policies. *The Aristotelian concept of Democracy is the republican one* (priority to community, self-governance and cultivation of civil virtues) and not a liberal procedural one (based on a “voluntarist promise”).²⁷ The core of the Aristotelian political philosophy has differences from the outlook of neoliberals.

The political thought of Aristotle today is timely and very useful. Especially today, with the so-called “corporate globalization”, the moral and social obligations, the competences and the functions of the state should be upgraded. The market economy should be balanced with the “non-market” section of the society. The public sector of the economy, as well as the *cooperative social economy*, is necessary in parallel with the private one. For example, it is advisable for some goods and services (mainly of common interest and utility) to be offered to people beyond the criteria of market economy.

Mankind should not surrender to greedy desires of some smart (in the economic sphere), sometimes corrupted, individuals, big firms and corporations. Not to surrender, in last analysis, to the complete spirit of *privatization* in the name of profit. Even G. Soros, the known billionaire

²⁷ See M. J. Sandel, *Democracy's Discontent*, op. cit., pp. 4 - 8, 278 - 285.



and broker, believes that market economy *cannot be self-regulated*,²⁸ but on the contrary needs a kind of “external” regulation coming from the state functions, which should protect and develop the “non-market” section of society. We need barriers, controls and restraints. For this purpose the spirit of *humanism* is a great contribution.

And it is necessary not to speak only about *humanism*, (i.e. priority to the intellectual and moral values, the “inner man” much stronger than *homo economicus*, authentic theoretical («θεωρίας ένεκεν») search for truth in the field of science and philosophy and cultivation of arts and letters as self-purposes, creative social solidarity, strengthening of the values of freedom and justice), but much more about *radical humanism*,²⁹ i.e. humanism that *fights against unfair economic and “vulgar materialistic”* establishment (consisted of concrete political, social and economic structures and the corresponding values and ideological elements which underpin them). Radical humanism sides with the right social and political forces in order to overthrow the aforementioned

²⁸ See G. Soros, op. cit., pp. 31 - 33.

²⁹ See Ph. Nicolopoulos, “The Responsibility of Political Leadership in the Contemporary Economic Crisis, the Issue of Value Orientation and the Contribution of Radical Humanistic Philosophy”, in Conference *Proceedings of the 1st Dialectical Symposium of World Philosophical Forum* (Athens, 4 - 8 October 2010), TheoDone (Publisher), 2011, p. 301.



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establishment (if it is necessary for the spreading of its world of values and ideals).

Radical humanism fights for cultural and social transformations, for revolutionary changes or deep reformations and is always ready to be applied to social and political forces that have a *subversive character*. Additionally it can be combined at a theoretical level with a *kind of Platonic consideration lato sensu (PCLS)*.³⁰ The last one is not identified with the Platonic *ideocratic ontology* (theory of objective existence of the world of ideas or forms) and doesn't belong exactly to the *philosophical idealism*, but has a broader meaning. It is a theoretical approach which gives generally priority to a *non material way of life, to non material human goods and intentions* and to a *special intellectual and spiritual uplift* that is considered as *the climax, the "Zenith" of human life*. The PCLS is not close to the criteria of "usefulness" and to the spirit of "instrumental scientific knowledge", which characterize, to a great extent, the contemporary western culture and much more the angloamerican one.

³⁰ See Ph. Nicolopoulos, *The Large Sense of the Platonic Consideration in Politics and the Multilevel Crisis of the Contemporary Society*, Paper presented at the 2nd Dialectical Symposium of the World Philosophical Forum, Athens, 3 - 7 October, 2011.



In politics, the PDL is not also classified in the category of *idealistic political philosophy* connected with the Platonic ideocratic ontology. It means mere priority to the “non material and non utilitarian” dimension of politics, associated always with *ideals, duties and principles*, which compose the core mission of Polity.³¹ The Aristotelian “εὖ ζῆν” (“the good life”) is compressed in this concept.

It even more rejects the view that politics is a mere outcome of economic-class processes³² (rejection of the *economic reductionism*) or it is determined or must be determined by the decisions and interests of powerful economic circles, while *it fights systematically the moral degradation* of political conflicts and avoids the tactics “the ends justify the means”, based on the belief that human personality is an “*end in itself*”.³³

³¹ See M. J. Sandel, *Democracy's Discontent*, op. cit, pp. 250 - 275, 317 - 351.

³² See N. Mouzelis, *Yia ena enallaktiko trito dromo (For an Alternative Third Way)*, op. cit. p. 55; N. Mouzelis, *Post-Marxist Alternatives*, London, Macmillan, 1992, pp. 43 - 92.

³³ It is necessary to make a distinction between *philosophical and moral idealism*. Someone who adopts the stance which is associated with PCLS doesn't adopt necessarily the philosophical idealism or the central ideas of the *Platonic Republic*.