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# Decoupling Neoliberal Ideologies with American Governance and Civics

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Henry DeLuca,  
Peter McDonough

## Decoupling Neoliberal Ideologies with American Governance and Civics

Neoliberalism is commonly defined as a political ideology rooted in the belief of free market competition, laissez-faire economics and federal deregulation. Though the purpose and intent of neoliberalism is debated, it is largely agreed upon that the driving principle of neoliberal economics are associated with the belief that continual economic growth is inherent to human wellbeing, and markets are the best means of achieving this goal. Neoliberalism can be understood as a derivative between liberalism and capitalism. Fundamentally, each is reliant upon free markets and an individual's ability to act independently from the economic restraints of their political institution. What separates neoliberalism from capitalism and traditional liberalism is the ardent moral coupling between the well-being or flourishing of a citizen and a deregulated, free market economy. To better clarify this idea and the problems it poses to American civics, governance, and environmental management, I will be giving a brief history and overview of neoliberalism, then transition into the effects it has posed on these matters. Understanding this subject and the legacies it holds will be important for economists, policy makers and land managers alike as we transition our country toward sustainable economics. It is important for the means of this paper to identify that this is not a critique of capitalism as an economic system, rather to identify of the issues associated with neoliberalism as a being a driver for economic and political functionality.

To understand neoliberalism, it is crucial to understand capitalism, the bedrock of neoliberalism. Capitalism, as defined by *the Clemson Institute for the Study of Capitalism*, is “the socio-economic system where all property is privately owned, where freely formed contracts form the basis of economic interaction, and where the government does not engage in regulation, supervision, or direction of market processes” (Clemson, 2020). Capitalism champions the individual’s ability to act freely from the constraints of government. Freedom, in this instance, is defined as our ability to utilize our rational capabilities to survive and flourish within our society. Underlying the individual’s ability to freely form contracts for the purposes of economic activity, is the protection of individuals rights against harm from the initiation from force from one another. This protection of individuals rights is in the hands of the government. In a capitalist system, a central duty of the political system to maintain the safety and rights of its citizens from threat if infringement from one another. Ensuring that within personal lives and economic transactions, that an individual can live and act freely without the threat of harm from one’s fellow civilian. Capitalism is an attempt to move as far away from the bounds, limitations and stringencies of government while still living in an organized and protected state.

It is important to underscore the moral theory from which capitalism emerged and how this has affected our understanding of the self in relation to this economic system. It is inherent to functionality of capitalism that we are independently and rationally acting agents. Within capitalist theory the individual, isolated from their fellow citizens, is held as the primary actor, and their self-interest acts as the engine for economic growth. Within this system, the individual is granted moral sovereignty over their own lives and over the path that they choose to take. Each person, by way of their

own independent ability and interest, must set their course, seeking to become who and what they choose to be. One of the most notable concepts associated with capitalism is its moral underpinnings. Acting as an independent agent means that you, by your own right, are in charge of your ability to perform economically. As an actor in this framework, it is within your best interest to be a self-interested, self-serving agent. Concerning your actions solely based upon what will bring success and what may cause failure. The Clemson Institute for the Study of Capitalism explains that, “underlying the system of capitalism is a morality of egoism” (Clemson Apr 4, 2020). Moral egoism being a normative ethic that one morally ought to perform an action if and only if it maximizes their own self-interest (Shaver, 2019). A moral grounding of this kind makes sense when contextualized within capitalist bounds. If I, by my own ability, am solely in charge of my future and the person that I can make of myself, then why should I be concerned with the well-being of others unless they are directly or indirectly helping me? While this may seem like a grossly self-centered way to understand the role of an individual within society, it lies at the core of both capitalism and neoliberalism.

The question then begs, if I am an independent morally egoist character who does not want my issues meddled with by the state, what then is the role of government in this socioeconomic system and how does neoliberalism differentiate itself from capitalism? It is commonly accepted that governments are intended to hold six primary economic functions. They are to uphold legal and social frameworks, maintain competition, provide public goods and services, correct for externalities, stabilize the economy and redistribute income (University of Texas Tyler, 2021). We can see these roles being played out around us all of the time. For example, government may define what is a legally acceptable amount of pollution an industry may discharge before they

must face penalties. Another could be creating and maintaining public lands for recreation, ecological well-being and economic interest. Or economically, this could mean keeping checks on corporations that may hold monopolies on markets in order to maintain viable competition. For this reason, government and industry oftentimes clash. Most individuals who are running a business do not want their company regulated, pay taxes or relinquish partnerships in order to create fair market conditions. Although it is the role of the state to do so, most private business owners would prefer the chance to manage their own interests and to not have them tampered with by state or federal powers. It is in this conflict of interest that lies the separation of capitalism and neoliberalism.

Neoliberalism represented a national political shift away from usual government responsibilities and took capitalist and classical liberalist ideals to an extreme. In its most basic form, neoliberalism stands for free trade, low taxes, federal deregulation, increased privatization, and balanced budgets (Heinz, 2017). While this may sound standard by today's measures, when this ideology was set in motion back in the 70's it seemed too radical by most to be publicly accepted. Neoliberalism took the moral egoist grounds of capitalism and advanced this claim toward primarily fiscal means. It shifted our cultural focus away from an individual's involvement in communal or civic engagement and instead towards individualization, monetary inclinations, and market-focused approaches of governance and society. The sentiment being, if an action is not producing capital, then it is failing to achieve the needs of our economy and country. What the neoliberal ideology did was to help reframe how our culture understands the individual in relation to one another, to our public interests and to our government. Ronald Reagan is famous for being one of the largest proponents and figureheads of

neoliberalism in the United States, renowned for his belief in trickledown economics and government deregulation. During his inaugural address on January 20<sup>th</sup>, 1981, Reagan famously stated that “government is not the solution to our problem; government is the problem... It is time to check and reverse the growth of government, which shows signs of having grown beyond the consent of the governed” (Reagan, 1981). What many did not see, was the speed of which this stance would be interwoven into the fabric of our society.

The United States during this time was amidst a period of civil distrust in federal powers. Following Watergate, the Vietnam war, rising inflation rates paired with stagnant income rates, and a change in winds of economic theory, public opinion of the US Government was unsatisfactory at best. Ronald Reagan took office promising lower taxes, government deregulation and a stronger economy, and in doing so, his popularity boomed. When elected, Reagan made good on his promises. By winning over a number of moderate liberals, Reagan was able to sign in a swath of desired political agendas. Using a neoliberal, supply-side economic approach to market reform, he was able to reduce national inflation over from 12.5 percent to 4.4 percent during his two terms in office. During this same period, unemployment rates declined from 7.5 percent to 5.4 percent (Sperry, 2001). In doing so, not only did Reagan’s popularity grow, so too did the support for a neoliberal approach to national governance and economics. Though Reagan’s popularity was primarily with his conservative base, it had its lasting impressions. Reagan is considered one of the most popular presidents to date, ranking among Woodrow Wilson, Bill Clinton, and John Adams (Fieldstadt, 2021). While Reagan found success during his time in office, there were serious harms associated with tax cuts and federal defunding. By limiting government spending and taxation,

federal debt had almost tripled, from \$998 billion in 1981 to \$2.857 trillion in 1980 (Amadeo, 2021). While Reagan's tax cuts did stimulate economic growth, his political agenda dramatically stymied federal funding for programs. Medicaid, food stamps, federal education program programs, social security, the EPA, Clean Water Act and research in renewable energy sources were all dramatically rolled back (Little, 2004). Reagan utilized the benefits associated with neoliberalism, but they were short term gains that sought to solely create a bump in economic prosperity. This temporary economic boost had its lasting impressions, not only for how politicians understood economics, but federal function as a whole.

As the neoliberal approach to governance settled itself into our democratic system, it began to have considerable effects upon our country, resources and civics. It is important to recognize is that this means of understanding national orchestration is wholly economically focused. As previously noted, the moral ground for capitalism and subsequently neoliberalism is moral egoism. The obvious issue being, we are not entirely self-interest, self-sufficient beings. It is in our nature to desire to be with others our families, friends and communities. Even contemporarily we have seen the negative effects that isolation presents to us in living through a COVID stricken world. We are fundamentally social creatures who need one another in order to survive, to be happy, lead fulfilling lives and share our lived experiences with others. While it may not be the direct intention of capitalism or neoliberalism to pit the individual against one another, it is absolutely justified in the economic sphere. It is your prerogative as an independent actor to outcompete those who are invested in similar practices. Moral-egoism champions the individual's moral sovereignty and rational action. The Clemson Institute for the Study of Capitalism, explain that "to be moral, to pursue one's self-interest in the

clearest possible way, to succeed at producing values, men have to hold an unwavering commitment to live according to the only means possible to them—their reason. This means holding rationality as a virtue. One must accept reason as an absolute, never faking reality or placing feelings and whims above logic, never suspending or abridging rational thought or allowing oneself to be controlled by anything else. This has always been the great virtue of the heroes of capitalism” (Clemson, 2020). In accordance with western thought and culture, the use of our ability reason has been held as one of the most important tools that we have as human beings. In this light, capitalism provides an excellent means of exercising our ability to use reason in order to lead fulfilling and meaningful lives. Moral-egoism, in this sense, has become our modern understanding of what the Greeks understood as eudaimonia - human happiness, welfare or flourishing. The issue that arises is this capitalistic sense of flourishing is just one take on what it means to be a flourishing individual in a society. If, as humans, our sole interest was economic prosperity, then this definition of flourishing would suit just fine. This, however, is not the case. There are innumerable aspects of a flourishing human life that are not affiliated with economic success. Note that in Clemson’s description of capitalist moral theory, they explain that “one must accept reason as an absolute, never faking reality or placing feelings and whims above logic”. While reason is one of humans most important cognitive tools, we are also emotional creatures who strive for happiness, pleasure, and love. Our emotions help lead us through life’s decisions, dictate future choices, and often times, make irrational determinations. For example, economically speaking, the vast majority of Americans should not own a dog. They are costly, requiring grooming, vaccinations, surgeries and countless payments for damage repairs. Any strictly rational being would understand this seeing as though they provide nothing



back to the owner despite being expensive and time consuming. Neoliberalism takes the concept of the self-interested, rational individual and utilizes this rational in order to justify deregulation. Because this approach to governance is situated through an economic lens, it fails to account for the non-rational, emotional, human parts of our lives. This using moral sentiment as a guiding force for national governance threatens the future integrity of our nation, our civic duties and the wellbeing of its people.

As we have covered, the primary objectives of neoliberalism are federal deregulation and laissez-faire economics. While it was shown that during the Reagan years, this proved to be provisionally beneficial for the economy, it failed to account for any other roles that government must provide as a governing body. While managing economic conditions is one role that a government must account for, governments are intended to supply for multiple other benefits for those who live within their borders. The other responsibilities of government are to protect a citizen's natural rights, defend against external enemies, redistribute income and resources, provide public goods and prevent against externalities (Pettinger, 2019). As we have seen, during the Reagan years, many of these roles were intentionally underfunded and rolled back. The Reagan administration did provide for military spending, yet undercutted other federal programs such as food stamps, public education, various environmental protection acts and research on sustainable energy resources. While Reagan let the brigade for incorporating neoliberal ideologies in national leadership or governance, his legacy still holds to this day. This impact was so influential on conservative approaches to federal function and policy that it has shaped the way our government interacts with its intended roles to this day. It is commonplace for conservative legislators and lobbyists to call for federal reform in order to allow for economic liberties. Imagine a theoretical

industry that has previously found success within their market, but currently they must pay income taxes as well as pollution tax for the smog they are discharging from their smokestacks. If, suddenly, this industry was no longer taxed for the amount of pollutants they were releasing into the atmosphere, then that industry would be economically incentivized to emit as much as they pleased in order to turn over more revenue. If that same industry was not being monitored so as to not hold a monopoly, then that corporation could buy up other competitors and dominate their market. Left unregulated, nothing is slowing or stopping this corporation from controlling income and resources, polluting and harming local populations and not paying back money for public goods. Disallowing a government to perform their duties in order to promote economics is a failure of the government to protect the rights and safety of their civilians. Each of the principle roles of government in this case suddenly do not apply, thereby failing to protect the right of citizens and only benefiting the industry. The smog from the smokestacks poses a threat to local communities, both personally and ecologically, failing to account for externalities associated with the byproducts industry waste. In lowering taxes to this industry, redistribution of income and resources which would otherwise go back to public services declines dramatically, leaving shared public goods to be taxed almost exclusively on the individual. Finally, failing to regulate this business threatens the natural rights of a country's citizens. Rights to clean air and water are infringed upon and affect an individual's ability to live without threat of health and safety impacts. A neoliberal approach to national governance does not allow federal powers to account for the roles that they must play in order to properly manage a society.

If we turn our focus to our use of natural resources and our ability to mitigate the effects of climate change, the effects of government deregulation begin to further show their hand. In the United States as of 2019, transportation accounted for 29% of our nations greenhouse gas emissions, followed by electricity production at 25% and industry at 24%. Agriculture, commercial & residential take up 10% and 13% respectively. The transportation sector is constituted of private automobiles, trucks, ships, trains, and planes. Over 90% of the fuel used to power these vehicles is petroleum based, composed primarily of gasoline and diesel (EPA, 2019). Until very recently, the United States has done very little in order to slow our national carbon footprint. Riding the promise of ridding government off of the backs of the individual and private sector, when climate change rose to the main stage under the Clinton-Gore administration, so too did conservative fears. These fears were not associated with the negative ecological impacts that climate change might pose, rather, they were rooted in the fear that their uninhibited economic growth would soon become limited. In lieu of this threat, both the corporate interests and the conservative party set forth a fusillade of attacks on climate science, the peer-review process and centralized government. Think tanks established a cultural narrative that placed distrust between the general public and scientific publications. Establishing science as the 'other', affiliating climate concern with leftist, educated, upper class America (Dunlap, McCright, 2011). Subsequently, this narrative included the notion that with climate action comes the infringement of your individual freedoms by federal powers. The belief that if climate policy is passed, your actions as an individual would be limited to what the government would or would not allow. Not only does a narrative of this kind reinforce an anti-government sentiment among a large portion of the population, but it again bolsters the rhetoric that human flourishing

means economic clout and your freedom means purchasing power. As this rhetoric swept our nation, the opportunity to pass any meaningful climate policy shrunk while we continued down the road of over consumption and growing emissions. As our time frame to mitigate the threat of climate change shrunk, so too did the efficacy of our actions in the battle against future catastrophic events. Our focus on short term economic gain and intentional government stagnation has stymied the possibility of incremental change and has instead forced us to consider more radical means of climate action, not only to mitigate the growing threats, but to simply buy ourselves time.

Neoliberalist theory understands free markets as self-regulating entities that promote the best possible social and economic outcomes for a nation's populace (Economic Times, 2021). What has shown so far is that this economic theory has not succeeded in promoting the best possible social and economic circumstances. The primary focus of neoliberalism is economic gain, not social wellbeing or welfare. The methodology associated with this economic gain is of course government deregulation, leaving businesses and industries to act freely and without interruption. What this approach allows for is a situation similar to that of what Garret Harden proposed as the "tragedy of the commons". The general theory being that an individual can go out and reap the greatest possible reward of a common resource at their own will. As more individuals set forth seeking and consuming this resource with little regard for its preservation, the resource is eventually exhausted (Harden, 1968). Once again, if one were to judge this situation under the normative ethic of moral egoism, then no one has done wrong, and this resource may be consumed as desired. Economic incentives do not provide for the wellbeing of others who do not benefit from private ventures.

Throughout US history, we have seen a how lack of resource management has affected

both ecological and human health. As history shows, our natural resources have historically been overused and mismanaged. In order to combat this, congress and previous presidents have set fourth hundreds of acts and federal policies intended to aid in land, water and atmospheric degradation. Statutes such as the National Environmental Policy Act, the Clean Air Act, Clean Water Act, National Forest Management Act, Hardrock Mining and Reclamation Act and Superfund are all examples of legislation intended to clean, restore and reclaim areas that have experienced degradation as a result of private economic interests. Defunding and deregulating federal powers with the intention of opening the market for economic profits posits serious threats to those who may experience the externalities of a private interest's ventures. Neoliberalism is an inherently unsustainable practice that does not place individuals as being accountable for their actions. So long as they are creating capital, one is morally justified in reaping the benefits of a private venture, no matter how harmful to others or to the environment it may be.

At its core, neoliberal principles for national governance are flawed. Accounting solely for economic bonuses, while they are in our nations interest, do not account for the factors by which we live our lives as civilians. The vast majority of citizens are only indirectly involved in the circumstances for which this economic system has been predicated off. As a whole, our government must account for its citizens, not its just its private beneficiaries. By devolving a nation of people to their economic involvement detracts from what it means to be a citizen and to care for our ecological and sociological wellbeing. Economic deregulation attempts to provide for existing corporations, businesses and industries on the merit that they produce a larger GDP. Yet this excludes the inherent value of an individual and their prosperity. A neoliberal approach to civics,

governance and resource regulation neglects the integrity of our society as a whole. A strictly economic basis for our well-being is only one means of understanding human flourishing while disregarding our livelihoods as a whole. To disregard the merits of our non-logical, humanely rooted lives subdues ourselves to a quantifiable basis which we do not exist within. Neoliberalism therefore is an unsustainable, inhuman approach to civics, culture, governance, and resource management.

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