

Gary Gerstle

In conversation with Andrew Kelly

Andrew Kelly: Welcome to Bristol Ideas. I'm Andrew Kelly and I'm hosting today's event. We're discussing the rise and fall of neoliberalism with Gary Gerstle. Gary Gerstle is Paul Mellon Professor of American History Emeritus and Paul Mellon Director of Research at the University of Cambridge. He's the author and editor of more than ten books, including two prize winners, *American Crucible* and *Liberty and Coercion*. He's a *Guardian* columnist, and has also written for the *Atlantic Monthly*, the *New Statesman*, *Dissent* and the *Nation*, among many others, and he frequently appears on BBC Radio 4, ITV4 and NPR. His latest book is *The Rise and Fall of the Neoliberal Order: America and the World in the Free Market Era*. The *Financial Times* said, 'It's rare that one can use the term "instant classic" in a book review, but Gary Gerstle's latest economic history warrants the praise.' Gary, congratulations on the book and thank you for joining us today.

Gary Gerstle: Thank you very much. It's a pleasure to be with you.

Andrew: Can we start by defining what makes a political order?

Gary: Yes. So much political history in America is oriented to election cycles – two, four and, for senators, six years. We have another election coming up in 2022, an enormous amount of attention focused on it, we have another election coming up in 2024, a third one in 2026, and the media and a lot of history books understandably focus a lot on those cycles, because they give us presidents and determine the makeup of Congress. But not all political developments can be understood in such short cycles. The concept of political order is meant to throw into our study of the twentieth century in America an idea that certain kinds of politics have longer gestation periods, they last for longer periods of time. If they can develop enough support over a long enough period of time, if they consistently return presidents from a particular party to office, if Congress is controlled for a particular point in time for multiple occasions, then politics ventures into the territory of a political order, a set of constituencies, leaders, policies, ideologies so consistently deployed that they begin to structure American politics over long periods of time.

In my book, I study two political orders. One, the New Deal order that emerged in the 1930s and 40s under FDR and the Democratic Party and fell apart in the late 60s and 70s. And then the neoliberal order, which emerged in the 1970s and 80s, triumphed in the 1990s and first decade of the twenty-first century, and now we're seeing that in the process of falling apart. So the use of the term political order is meant to help us understand those longer swings in American politics.

One of my crucial tests for whether a political order has actually succeeded or not – it's not just an aspiration, it has to demonstrate capability, it has to demonstrate an ability to dominate the political landscape – one of my tests is whether the dominant party even when it's out of office can compel the opposition party to play by its terms. And thus, I think in studying the past, the moment of real triumph for the New Deal order was not in the 30s and 40s when Democratic presidents were in power, but in 1952, when the first Republican president in 20 years was elected, Dwight D Eisenhower. And the big question was, would he dismantle the New Deal and return America to a traditional form of Republican politics? Or would he acquiesce to the core ideological principles of the New Deal? He did the latter, which to me suggested the power of the policies, institutions, constituencies developed into the New Deal, warranting the name 'order'.

Ronald Reagan is the architect [of the neoliberal] in the 1980s, and then Clinton comes into office in 1993. The question was, would he roll back Reagan's policies or would he acquiesce to them? Again, he follows the latter

path. I call him the democratic Eisenhower in my book because he secured the Democratic Party's acquiescence to the neoliberal order.

So getting an opposition party to play on a pitch that has been structured by the architect of that order for me is the crucial test of whether there is in fact a political order, and not simply political competition. A similar development in Britain, although I don't know British politics well enough to say that political orders existed here or there, but as Clinton was acquiescing to Reagan's policies, there are many people who think that Tony Blair accepted a fair number of the reforms that Margaret Thatcher put into place. So there are some interesting parallels between what is going on in Britain and what is going on in the United States.

Andrew: Looking at another period in British history, just to set this in context, would you say that the post-Second World War period and the creation of the welfare state and the acceptance of much of that by the Conservative then-opposition, and then when they were in power in the 1950s and into the 1960s – was that an equivalent political order to the New Deal, would you say?

Gary: I think one can see it in those terms, for a similar reason. the Labour Party comes into power in the 1940s and the halcyon days of its welfare legislation really transformed the British state and the conditions of life for so many British people. And yes, what makes Margaret Thatcher so striking is that she wants to rip up that acquiescence and that agreement and return the Conservative Party to a nineteenth century laissez faire classical liberal orientation where every individual is responsible for him or herself. So I think one could see it in those terms. And also, I think there are interesting ways in which the politics of America and Britain track each other pretty closely in these ways over the last 70 or 80 years.

Andrew: I want to come back to the various presidents who were in power during the period you're writing about in terms of neoliberalism, but just talk a little bit more about the New Deal. That was almost a 40 year period of time, and you talk then about how particularly when Eisenhower came in as the first Republican president during that period, how he accepted the New Deal settlement. But also it went much wider than that, didn't it? You talk in the book about the famous Treaty of Detroit which saw capital and labour coming to an agreement on how they were going to operate in the future in the car industry.

Gary: Part of [the New Deal order] was about building a welfare state, but more generous than the United States had ever had in peacetime. But another part of it was arranging a truce, or what I call it a grand compromise, between capital and labour. The organised labour trade unions were strongest in the United States in the years of the New Deal order. The presence of organised labour prior to the 1930s was minimal and then by the 1940s, 35 per cent of the industrial workforce were organised into unions.

There has been a very conflictual, bitter history of industrial relations in America. Unions might be weak but they were ready to fight and industrialists were often unwilling to make any compromises with them. Part of what comes out of the New Deal is an era of industrial peace in which industrialists agree to concede more to unions and the working class than they had ever been willing to do before, in terms of recognising unions, allowing them to bargain collectively with employers, supporting federal legislation over minimum salaries, wages, maximum hours, safety at the workplace, all sorts of things that had not been permissible in American politics now become central to it.

The most important union is the United Auto Workers and America's most important industry at the time was automobile manufacture. So the Treaty of Detroit refers to automobile manufacturers making peace with the auto workers after having fought tooth and nail against the auto workers throughout the 1930s. And that compromise, which requires employers to take less of a profit and redistribute more of that profit to their

workers, has the effect of elevating a big portion of the American working class into middle-class living standards and narrows the inequality between rich and poor to an impressive degree. The greatest egalitarian moment in American life, economically, is the 1950s, 60s and 70s. And it rests on the grand compromise that the New Dealers arranged between capital and labour.

If you ask why is capital willing to make these concessions, whereas it had not been before, part of the answer has to do with the severity of the Great Depression in the 1930s, a depression so severe that almost everyone began to think that capitalism was not working. This was not just the left saying this, this was people in the centre and the right making this argument. I also argue that the fear of communism, both internal to the United States and external in the battle that developed during the Cold War, compelled Republicans, moderate Democrats, many other Americans to support things they otherwise might not have supported so as to avert the worst, the worst being a communist triumph, either in a good part of the globe or in the United States itself. And the fear of communism and the fear of totalitarianism and a despotic regime establishing itself that could never then be overturned, so the theory of totalitarianism went, becomes a crucial ingredient in terms of inclining employers to make the sorts of concessions that they had not been willing to make before.

Andrew: Now there was a strong reaction to the New Deal consensus, which increased its strength over the years. We're interested in what underpins political change when it happens, and as I was reading your book, you saw this almost decade-long battle of ideas being developed, through think tanks, through journalists, through writers like Hayek and Friedman. The rejection of Keynesianism, the rejection of what they feared was socialism in the New Deal, newspapers, others. What underpinned the change that happened, or the work that took place, and the development of neoliberalism as an idea?

Gary: Well, the Hayeks, the Friedmans of the world, you were right to note that they loathed everything that the New Deal was doing. They didn't see that as saving America from communism, they thought that was propelling America on the road towards state socialism or something worse, ruining liberty, enterprise, self-reliance, ruining everything that Americans stood for. They were vociferous in their criticisms, but they were also utterly irrelevant in American politics in the 1950s and 60s. And this is a lesson to the left today, because these neoliberals who were utterly irrelevant in the 1950s and 60s would ultimately triumph, but not for 25 to 30 years after they took their stands.

Neoliberalism coalesced and established a network on an isolated mountaintop in Switzerland, Mount Pèlerin. They call their society the Mount Pèlerin Society and I've always been intrigued by why would they go to such an isolated place to work out their ideas and establish their networks, and I think the answer is was quite simple and straightforward. They were isolated and inconsequential; it didn't really matter where they met. No one was waiting outside the doors, whether it was in New York, London or Mount Pèlerin to catch the latest word from the Mount Pèlerin Society. It's not like the Tory party today or the CPAC, the Conservative group in America that's just holding its convention – the media's all over the place there. There was no interest in the Mount Pèlerin Society.

So these individuals in these networks worked hard in solitude for decades, refining their ideas, really undertaking what people on the left and other circumstances would call a long march through the institutions, through media, carefully building their case. But even with all their careful work, the opening that they got was in a sense out of their control – it happened because of basic changes in the global economy in the 1960s and 70s, changes in the global economy that made affluence in America harder to achieve, and that made the formulas of the Keynesian policymakers who were at the centre of the New Deal order, it made them look foolish, because they could no longer predict accurately what the economy was going to do.

And we can talk a little bit more about the seismic economic changes of the 1970s. The seismic economic changes then put stresses on divisions within a political order. A political order is cumbersome, it has to include a lot of different constituencies, interests, it has to assemble them into a cohesive whole. There are always points of fracture and always points of tension. In the New Deal order, the most important point of tension was on race. The progressive politics of the New Deal would not have passed but for the support of white supremacist Democratic senators in the south, and they said, we will go along with your progressive policies nationally, as long as you respect – you meaning Washington – respect the racial and class hierarchies that exist in the American South. That meant respecting Jim Crow, apartheid, keeping Blacks under white heels. How long could the New Deal order proclaim its commitment to equality and inclusiveness if these situations presented themselves? And so the race issue was marginalised in the 1930s, but could only be marginalised for so long.

In the 1960s, the civil rights movement breaks out with force in America, and that forces different parts of the New Deal coalition to take stands on what they imagine the racial future of America will be. Will it become a nation of full equality, or will American apartheid survive? This drives a deep wedge into the Democratic Party, that it still arguably has not recovered from, and ends up costing them the support of the white south, as the Democratic Party rightfully supports the campaign for civil rights.

This begins to fracture the Democratic Party in a time of prosperity, and then the changes in the world economy in the 1970s make the economic promises of the New Deal order look vacuous. There are two major changes that occur. One, America had been supreme in the world industrially. It was the only economic power left in the world after 1945 with industrial capacity and the ability to deliver. Most of the rivals to the United States had seen their economies destroyed by war – much of Britain, France, Germany, Japan, Belgium, Italy, they were rebuilding. America was helping them to rebuild. In the 1960s and 70s, they become serious competitors of the United States once again. So America no longer has the global power it had for 30 years unchallenged.

The other big change is the revolt of the global south against the global north. The global economy that America was building rested on cheap energy, and cheap energy rested on the ability of Anglo-American oil companies to control the flow and pricing of oil out of the Middle East. That changes radically in the 1970s as the oil producing nations led by Saudi Arabia organise themselves and say, listen, guys, this oil belongs to us, we're going to determine the pace of its extraction and the price at which we will sell this to you. Suddenly the cheap energy economies of the global north are thrust into crisis. So the racial issue in combination with these profound changes in the global economy cracks the New Deal order wide open, and gives these long-lonely neoliberals a chance to make their case, and they find a politician, Ronald Reagan, Governor of California, who had been studying their ideas for decades. There's an opinion that Reagan wasn't very smart, that he never read a book, that he didn't really know what he was doing, that his puppeteers would wheel him out and tell him to say certain things. He mixed up facts and fiction all the time, he had a good smile, but nothing else. Well, that's the wrong understanding of Reagan. He, in his own way, was a very sophisticated and deep-thinking politician and was deeply committed to neoliberal ideas, which meant most of all freeing the market from all constraints, destroying the regulatory state as much as it was possible to do. And that gives the neoliberals a chance to triumph.

Andrew: One thing I want to come back to at the end is that long march through the institutions and what it means for the left. It struck me very much as I was reading your book, the sheer effort that these people put in, often, as you say, in a framework of almost loneliness, and lack of impact for many years, but kept going at it time after time. Just before we come on to Reagan, could you tell us what neoliberalism is? I know it encompasses many things, but there are some key points that are shared widely.

Gary: Bring three or four people together in a room and they'll each give you a different definition of neoliberalism. My working definition, and the one I use in the book, is it's a creed that wants to unleash capitalism's power and to free markets from constraints. The doctrine, or neoliberals who advocate this doctrine, believe that markets left to their own devices can produce the greatest economic growth, and thus the greatest economic good. It's a creed that prizes the free movement of capital, goods, information and people across borders with few or no constraints. It aspires to globalise capitalism and deregulate economies, it prizes innovation and disruption.

One of the reasons I choose to call these people neoliberals, rather than a more common name in the United States, which is conservatives, is that conservatives, in a classical sense, don't prize innovation and disruption, they prize respect for order, hierarchy, tradition. Some who subscribe to the neoliberal creed also value the hybridisation of cultures that comes from crossing borders, and cosmopolitanism is a word I attach to the celebration of different races, nationalities and ethnicities mixing with each other. Cosmopolitanism is often associated with the left, but in my book, I argue many neoliberals are perfectly comfortable with the celebration of ethnic and racial differences and encouraging hybridisation. And just as they encourage the flow of capital across borders, they encourage the flow of people, and of course people always have cultures in tow.

Another aspect of neoliberalism that matters to some is the idea that just about anything that humans do can be understood in market terms. So it's not just you and me exchanging goods – you want to buy a baseball card from me, I want to buy a football card from you and we agree on a price and we exchange and we don't want to be bothered by government regulating our exchange with each other. Some neoliberals begin to think that all kinds of activities that humans engage in, not just traditional commerce, but family formation, schooling, sport can be improved if a kind of economic calculation is applied to those activities. So there's also as part of neoliberalism an effort to universalise economic thinking, and in my own view, and the view of many others, that has had a very deleterious effect on human relationships.

I think the classical liberals of Adam Smith's era, in the eighteenth and early nineteenth century, and also for a good part of the Victorian era, had a better idea – they understood that liberalism ought to be free for the exchange of goods and free movement of commerce, but that there were areas that should not be marketised. One of those was the family and another of those was schooling, education – there were elements of humanity that had to be separated from market. Love, virtue, the other sentiments, not everything that we do as human beings can be marketised. And you see in elements of the neoliberal order, an effort to economise everything. That has also become a very important part of the neoliberal order, and will likely survive the collapse of the neoliberal order, because this is what we might call a form of neoliberal reason. And even if an order collapses, residues and elements of that order will persist for long periods of time.

Andrew: So you had all this work, and you had all these ideas, and then people began to get into power and could implement some of these things. The first one you talk about in detail in the book is Ronald Reagan. Where did Jimmy Carter come into this, by the way? He took power just after Watergate, and the shocks were happening in the American economy, which you talked about.

Gary: Carter got gobsmacked by the 70s and his presidency. He actually can be seen as a forerunner of neoliberalism. He ran on a campaign as a Democrat saying government had grown too large, that he was going to radically reduce the number of government agencies, that more sets of relationships and more activities had to be turned over to private markets. He had been a businessman, a small businessman, a peanut farmer, so he had experience with the market. He was also highly educated at the Naval Academy, trained as an engineer, so he knew his way around figures. But he was very inexperienced.

Americans have a fondness for bringing inexperienced people into the highest office, have some crazy notion that people unsullied by the corrupting work of politics will do better than those who have been around politics a long time. Carter had been governor of Georgia for one term, but he hadn't been in politics very long. And he was just simply not prepared for the scale of challenges confronting him, and they were many. It was an economy that was simply not working, a very deep recession. None of his economic advisors had good answers for how to fix what was ailing the American economy. There were foreign policy challenges of a very severe nature, the Soviet Union invading Afghanistan, the Iranian Revolution and the takeover of the American Embassy in Tehran in 1979. He tried to meet every challenge that he faced with good intentions, and often some good thinking, but he did not have a clear enough and strong enough ideology to withstand the high winds that were blowing at him from different directions. He does take some significant deregulatory steps. He deregulates trucking, airlines, he makes a start towards deregulating the telecommunications industry. But rather than saying this is the way of the future and delivering that message with confidence, which is what Reagan would do as his successor, he would deregulate one day and the next day he would invite the strong unions into the White House to discuss what might be done to enhance organised labour. He would switch from wanting to take down the New Deal order to listening to people who said it could still be restored. His signature is someone buffeted by the powerful cross currents of 1970s political economy and foreign policy.

And you never had a feeling during Carter's administration, even though he was clearly a well-intentioned man and one of the more moral men to ever sit in the White House, he simply did not have control of the situation. He was defeated badly by Reagan in 1980, and it was a sentiment expressed by overwhelming numbers of Americans that he was simply not equal to the task so you could not give this man a second shot at the highest office in America.

So well-intentioned but not equal to the task. And to be fair, I don't know how many people would have been in the 1970s. If you're coming into office as a political order's coming apart. Think of Joe Biden. What do you do? And how do you handle all the crosscurrents? And how do you master the situation so you can give a clear direction? Biden is another example of someone well-intentioned, some good ideas, actually I think a clearer sense than Carter had of what he wants to do. But you see the furies that are unleashed when a political order is collapsing. And it's difficult for any individual to rise to the highest post in the land and to impose a new order upon it. And in that respect, Carter was not equal to the task.

Andrew: I've been rereading a book about the famous speech he made in the late '70s, the malaise speech, the crisis of confidence speech, and the troubles that his staff had with that speech. But he always struck me in exactly the way you said, he was the first American president I think I took most notice of as I was entering my teenage years.

Let's move on to Ronald Reagan. He was someone who believed in small government, he deregulated the media industry, the results of which are still with us today. He too benefited from the collapse of communism, towards the end of his career. And he was the one, you say, who turned neoliberalism from being a political movement to actually a political order. Is that right?

Gary: Yes, well, I would say he got close to being a political order. A political order doesn't fully triumph until the opposition party comes into office and must play by its terms, so the full triumph comes under Clinton. But you're right, Reagan has a sense that he has an ideology of neoliberalism that he wants to implant on American life, and he has the support of a vast network of organisations and intellectuals and jurists who have been thinking and waiting for this moment for years. This is the moment when, not Hayek himself, but a lot of people influenced by Hayek who have been in the wilderness, no shot at political power of any sort, suddenly had their chance. And networks of donors have been developing, and think tanks have been emerging, and Reagan also

understands the challenge of building a political order. It's not just winning one election. It's not just getting one bill passed. It's putting in a whole infrastructure of politics, machines that are good at winning election after election, think tanks that translate abstract economic principles developed in isolated mountain tops in Switzerland into practical policies that can work in a polity as complicated as the American one.

He also understands that one has to go beyond simply bread and butter issues of deregulation. One has to change the courts to make sure that whatever neoliberal legislation passed by Congress is going to pass constitutional muster, he's got to campaign to remake the court to deliver a different kind of jurisprudence which is going to support the neoliberal order.

As you mentioned, he has plans for deregulating the media after a 50-year period, and this is part of the legacy of the New Deal order when the media had been heavily regulated because of the feeling that media was a public utility, and as a public utility, it could not operate as your average corporation. It had an obligation to the public to deliver a public good, which is to make reasonable public debate possible in a democracy – not a bad aspiration for a democracy to have.

The scope of his activity helps us to understand the sophistication of the enterprise. We can see all the different elements of a political order taking shape during the Reagan years. For anyone who wants to learn how to build a political order, I don't care whether you're on the left or right of the political spectrum, read that chapter in my book about what the Reaganites accomplished during the 1980s. You'll see the breadth of their ambition and the sophistication of their efforts to implant a new way of doing politics and implementing politics in America. Reagan also took advantage of raw racial divisions in American life. The Reagan years were a time when a lot of the hope from the civil rights movement dissipated. I remember those years intensely, and the memories are not good. Black America, white America, deeply divided from each other, often fighting literally in streets. Cities were not safe. Reagan was eager for white votes in the south and the votes of disgruntled white ethnics in the north, who felt they were being pushed out of their neighbourhoods by African Americans being given allegedly advantages that they had never enjoyed. So he plays the race card pretty ruthlessly. That element of his politics is conservative. He's saying white Americans can still find a way to stay on top, and I'll help you – meaning Reagan will help you – keep Blacks subordinate or limit their opportunities for advancement in American society. There's a very ugly racial undertone to his politics.

Also, this is where the campaign for mass incarceration begins, of locking up. America by the 1990s and first decade of the twenty-first century is going to have the largest incarcerated population of any nation in the world. And it's disproportionately minority and the heaviest component of that is African American. This starts under him. You might ask how can someone committed to free exchange, free movement of people, freeing the market from state regulation, undertake this vast state enterprise of building prisons? I probe this issue in the book, it's a complicated one and we can get we can get into it if you want. But it needs to be said that as Reagan is creating the infrastructure for creating a vigorous market free economy in the United States, free from government regulation, he is also taking quite a lot of steps to lock up a lot of people who in a way are deemed not fit for what the market offers. One way of thinking about mass incarceration is simply to remove these people from the opportunity to engage in market exchange. And that's one definition of what incarceration entails, right? You're in jail, and you can no longer buy and sell or work for a wage in ways in which people on the outside can. It's a very harsh and ugly way of ensuring that a market economy will operate freely. I ponder the paradox of what does it mean for discourse of freedom to depend so heavily on the unfreedom of a very significant part of the population.

Andrew: Another aspect of that is often they're not able to vote after coming out of prison, are they?

Gary: Yes, and part of that story of incarceration in America is that it never really ends. You serve your time in jail, but there are all these laws on the books saying that those who've been convicted of a felony will never be allowed to vote again. This is not a national law, this is handled on a state-by-state basis, but many states have this law. Also you're obligated to report your incarceration on any job you apply for, and that excludes a whole range of jobs from your future if you have a bad experience in your past. The damage done by incarceration is not just jail time. It's the inability of those who have done jail time to rehabilitate themselves and become fully functioning members and contributors to a broader society of which the market economy is a big part.

Andrew: A lot of our work is about the future of cities, and I remember during this period how some US cities would compete against each other for the rights to open new jails, because they were actually quite profitable ventures, and offered employment to people in the area.

Gary: Yes, the industry became so big, and prison building and prison operation was considered in many states a form of economic development. In New York state, for example, which had some of the largest prisons and prison populations, the prisons would not be located in major urban areas like New York City, where most of the arrests were occurring, and most of the arrests were of minority people. Most of the prisons were in rural upstate areas of New York, small towns and entirely white. Attica was one, if you've heard of that prison, Auburn was another, and these prisons expanded enormously. The guards were all from these local areas. It was a very important source of employment.

And so yes, you're right, these prisons were sold as a form of what we might call levelling-up for impoverished reasons regions of New York State. That in itself came to be a very ugly enterprise, and because of the rural white character of the guards and the urban Black character of the prisoners just made race relations within the prisons very raw and volatile and exploding in riots, some of them major riots quite a lot of the time. A very, very difficult and ugly period in American life.

Another irony is, as mass incarceration precedes, this is the time when American urban areas like New York are getting safer, and many who are not part of these poor urban minority populations begin moving back into the cities. So here's another irony. The rejuvenation of America's cities in some ways is related to shipping off all kinds of New York City residents to far away rural places and locking them up for long periods of time. This is all part of the neoliberal order and to understand, for example, the fury over George Floyd's murder, the seeds for this were planted in the 1980s and 1990s, and they had been germinating and spreading their poison for 20 or 30 years by the time of George Floyd's murder.

So this is a part of the story of the neoliberal order. Trying to understand how this rather ruthless story of locking people up can coexist with talk about freeing up markets and freeing up exchange and allowing individuals to go about their lives as they wished – this is one of the puzzles and paradoxes that I come back to again and again in the book, because it's not something easy to explain, but it's real, and that's why we have to pay close attention to it.

Andrew: I want to go through a couple of other presidents. Bill Clinton you describe as America's neoliberal president par excellence. And I just want to ask you about two things there. The first was about financial deregulation, because he was the one who repealed parts of the Glass-Steagall Act, which was prominent later in the financial crisis. And the second point is about how he didn't reverse the media Fairness Doctrine, which is what Reagan had abolished in his period in office. So there were two examples here. And I know there were many more with Clinton, but do you have anything more to add on, first, the media and the Fairness Doctrine and secondly on financial deregulation?

Gary: Well, the Fairness Doctrine was a doctrine put in place in the 1940s as a way to regulate public political speech. And the way that would work is if you were a broadcaster and you had Rush Limbaugh, a radio shock jockey - one of the first conservative pitbulls who said anything he wanted to on air - ...you were obligated to give equal time to someone who was opposed to Rush Limbaugh. And so that's the Fairness Doctrine, coming out of the sense that this was politics, and consumers needed to hear both sides before making up their minds about who was right. Removing the Fairness Doctrine meant removing that obligation to present the other side.

Rush Limbaugh always regarded the destruction of the Fairness Doctrine as his opportunity. That's when he begins to run wild, millions of listeners, on three hours a day, a very compelling shock jockey, as they were called in the United States. Putting a premium on saying outrageous things, and creating a bulldog-ish, take-no-prisoners approach to conservative politics, which made it a much more radical creed and combative creed than it had been prior to that time.

The question is, why does Clinton not try to reverse it when he comes into office? There's really no serious talks. Some of his advisors wanted him to. I think to understand why not, we have to understand the techno-utopianism of the moment. The '90s was a decade of the internet's emergence. It had existed in parts before the 1990s, but it really makes its debut in the 1990s. People begin to use the internet in ways they had not before. It's the moment when Google was born, and its forerunner was Netscape, which was founded in 1994. There are all these startups going on at the time, many of which are now the biggest corporations on the planet, all related to high tech. Just about everyone in politics was seduced by the possibilities of these technical advances. To be fair, the technical advances involved with the internet and high tech in the 1990s probably represented as fundamental a transition in the history of communications as the invention of the book was 500 years earlier. So we're talking about a half a millennium event, right? Book publishing and the internet. That's all you get for a millennium, right? And America and the world was living through one of those events.

These events generate, understandably, utopianism about the way in which this is going to transform our world for the better. And part of the tech revolution was cable television. You no longer had three television stations, or you no longer were limited to, I don't know, 25 or 30 radio stations on one frequency, you had thousands. Through satellite and cable, you had thousands of possibilities. And so the argument went, well, if you've got so many possibilities, what does it matter whether Rush Limbaugh has control of one station for three hours a day, there's so many others, the people who oppose them will have their own stations and will have their own three hours in the sun and this can work.

What was missing from that kind of calculation is capitalism, which is that you have all these enterprises, but anyone who studies the history of capitalism seriously knows there's always a period of growth, competition, followed by consolidation and the emergence of winners and the emergence of losers. And so the question which I think the Clintonites did not take seriously in the 1990s is would liberals in the left end up on the losing side of this free-for-all in mass communications? And I think with the enormous success of Fox News, which debuted in 1994, 1995, I think we can say on balance, the Democrats had been the losers of that struggle. But they didn't think in the 1990s that they would be at the time. And they were informed by this techno-utopianism, thinking that the tools that the scientists had handed politicians were so amazing, it was going to transform politics in beneficial ways. And so, hands off, let the market deliver.

It also mattered that Clinton, after his election in 1992, lost both Houses of Congress in 1994, the worst defeat for a sitting Democratic president since Harry Truman had lost both Houses of Congress in 1946, so he's chastened by that. And it also matters that the Soviet Union had not simply collapsed but taken itself apart and disappeared from world politics, and America's and capitalism's most ardent opponent in the world is suddenly gone, and there's a triumphalism that infects all aspects of American politics, Democrats as well as Republican.

America's way is a triumphant way. In part, the Soviet Union collapsed because they could not take advantage of these IT innovations and still have as controlled a society as they wanted for themselves. And so there was a sense of American triumph, and let one of the ingredients of American triumph – markets – let them do their thing. It defeated the Soviet Union, if the Soviet Union could not withstand this onslaught, well then who the hell could? It was a moment of hubris.

One other element as well, the amount of data, the ability to crunch data, the new computing techniques and machines put within the hands of economists and others, allowed a lot of people to think that the greatest danger of markets, which was risk, people taking risks they shouldn't have, could be eliminated, because now the data that we had in our hands was so perfect that that risk could be eliminated or it could be managed or snuffed out the moment it reared its head. So everyone got on the bandwagon. It is certainly ironic that it is a Democratic president rather than an a Republican one who puts the finishing touches on the neoliberal order. What Clinton did in terms of deregulation, deregulating Wall Street, as you mentioned, making it impossible to regulate derivatives, the hot new commodity on markets, turning all of North America into a single common market on the model of the EU, deregulating telecommunications so that the government simply abandoned its role of regarding private media utilities as a public good that had to be managed in the public interest – all this went away under the two administrations of Bill Clinton, which inclines me to make the judgement that Clinton may have done more than Reagan to facilitate neoliberal order's triumph.

Andrew: So what followed Clinton was George W Bush, and particularly there the Iraq fiasco, and then Barack Obama came in in the financial crisis. By this stage, there were many questions being asked about neoliberalism. Capitalism was failing a lot of people, you had the growth of protest movements like Occupy Wall Street, you had the beginnings of Black Lives Matter. You also had the Tea Party protests happening as well. So you began to see the failure of a model and the growth of opposition as coming together. We don't have time, sadly, but in your book, you include some very interesting research from someone quite controversial, Charles Murray, about what the impact of some of this was on a small town in northern Philadelphia, Fishtown. And you've got the growth of the precariat and the gig economy and incarceration continues. Plus you had things like the beginnings of the research into the deaths of despair that Anne Case and Angus Deaton write about in their book. You then have Trump's arrival and winning the presidential election. You had the Bernie Sanders insurgency, you had Hillary Clinton's failure to win. Is Trump the end of neoliberalism, do you think?

Gary: I think I would say Trump is not the end of neoliberalism, but Trump marks the end of the neoliberal order. I think elements of neoliberalism will survive for quite some time. I would add to Trump's emergence on the political stage in America that of Bernie Sanders. It was inconceivable in the heyday of the neoliberal order, the 1990s, that a socialist senator from the tiny state of Vermont and a real estate mogul in New York City, widely ridiculed and popular, immensely wealthy, but no one took him too seriously – that these two would be the most important and dynamic players in America's 2016 presidential election, that was unimaginable in the 1990s. To me that signifies the breakup or at least the fracturing of the neoliberal order. What defines an order is the ability of an order and its ideology to compel all significant political players to abide by its terms. That's one reason why Clinton played along with the free market ideology of the 1990s. By 2016, Trump and Sanders, neither has any use for free markets. They're both committed to protectionism. They are talking about the little guy who has been left behind, they're talking about a war fought in the name of neoliberalism by George W Bush that had been a catastrophe, something you couldn't have said in American politics and survive in either party 15 years earlier. So for me this marks the loss of the neoliberal order's authority and ability to command, and suddenly movements on the right and the left are able to make their voices heard in ways that they had been not heard for 20 or 30 years prior to that time. And I interpret that in terms of a political order coming apart.

As to what will come next, I don't really know. The collapse of an order is a very volatile, uncertain time, and I think if viewers outside the United States viewing the United States today and trying to figure out what the hell is going on in the United States – that's a sign of a political order collapsing. A tremendous amount of volatility, anger. It's hard for one party or the other to really stamp itself and its politics on the country as a whole.

We can see two political orders in formation. One is an authoritarian order that is associated with Trump or some of the Trumpanistas that he had spawned, ethnonationalists, America First, isolating America from the world, returning to forms of white supremacy, or at least privileging whites over non-whites in the American population, and also a willingness to, I think, betray the principles of American democracy for the sake of achieving and holding power. Trump the strongman, that's a familiar figure in Europe.

At a time when democracies have trouble doing their work, frustration with parliaments, they compromise, they can't make decisions, give us a strong man who's got to embody and articulate and implant the will of the people. Europe has had plenty of experience with this. America has not. But Trump represents a kind of throwback to that era. We know what that order would look like if it succeeds in establishing itself.

On the other side, you have a Democratic Party trying to step out of the Clinton/Obama years and step away from neoliberalism, and Bernie Sanders has led a rebirth of the left in American politics, and has made that left stronger than it has been since at any time since the 1930s and 40s. Historically, the Democrats have been strongest in America and most influential when the centre and the left of the Democratic Party are in productive policy discussions with each other. That is certainly the story of the first year of the Biden administration, Biden turning to the left in ways in which Obama and Clinton never did to become part of the coalition, to become part of the design of legislation, to incorporate left ambitions into the Democratic Party's agenda while tempering them at the same time. Things looked very good for the first six months of the Biden administration in that way, and then the next six months looked very, very bad. And the question is whether August and the recent string of successes that Biden has had will reignite some of the optimism of that first six months.

Part of what has made the grasp and achievement of the Democrats so uncertain is that they have the smallest majority imaginable in the Senate, and it's hard to be a transformative party and President with such a slender amount of support. It's hard for them to lock down their achievements. We don't know what's going to happen in 2022. The predictions have been for Democratic wipe out in the House in the Senate, that may now be changing. But even if the Democrats lose, I would urge them to take a page from Hayek and Mount Pèlerin regarding the long march and understand how long the march to a political order can be.

So we can see a progressive political order and outline. I think its formation is currently weaker than the authoritarian political order that has developed on the right, but it's impossible at this point to predict which is going to triumph. And the United States may be also in a period of extended political disorder, where neither of those formations is able to become a political order, able to enforce its will on American society. And even if many Americans prefer disorder to a Trump authoritarian order, living amidst political disorder is not a good place to be.

Andrew: Just two quick final points. The first is about one of the issues to address in challenging neoliberalism, I guess, is the role of government. And do you think the way the pandemic was managed in the end has seen people see the value of a strong government action?

Gary: I now think that it has had less of an impact than I thought at the time. I thought, Oh, my goodness, government is deploying its power, it's going to be legitimate again, this is a good thing. But I think many people who supported that deployment of government power, on both sides of the partisan divide in America,

regarded government deployment of that power as legitimate because it was such an exceptional and extraordinary event. And if we look at the difficulty the Democrats have had in transforming that exercise of power for an emergency, a health emergency, into regular politics, the difficulty they've had in making that transition, the loss entirely of the Republican support that had been there for these emergency measures. The assault on government in America has gone on for so long, and so deeply, I think it's reasonable to think that attitudes of scepticism and anger toward government are not going to reverse in the day.

I think the much more important act encouraging pro-government sentiment is the climate legislation that Congress will now be passing and which will be regarded as the most significant achievement of Biden's first two years. It does represent the biggest commitment to containing climate change ever passed by Congress in the United States of America, so it's a very significant moment. But coming out of the pandemic, and the eagerness of many players in American society to restore life to what it was before the pandemic, has made me realise the pandemic by itself cannot fundamentally change American attitudes toward government, that that has to happen through some other means. That is going to take a lot longer to achieve. That's where the long march comes in. That's going to take a lot longer to achieve than the willingness to meet true health – life and death – emergency.

Andrew: And just finally, on that point, I was much encouraged by the climate legislation going through. We've done a lot of work around things like the Green New Deal, and I think of some of the people that Biden has gotten involved as advisors who we've had speak, people like Stephanie Kelton and Heather Boushey, you talk about in your book, it does seem – it's crude to say an evidence base – but certainly a case is being made for different thinking in these areas. But as you say, you've got to bring together not just the case and the arguments, but also the coalition of support, which is very hard, I think. We see that here in terms of elections in the United Kingdom, and similarly in the United States.

Gary: Yes. The opening that is Sanders created in 2016, with his run for the presidency, and explicitly leftist spaces, opened up all kinds of space for thinkers to get their views heard by a much larger audience than had been the case before. Stephanie Kelton, the economist, Heather Boushey, an economist, Lina Khan from Columbia Law School, who wants to reinvigorate an older tradition of what is called antitrust in America, which is breaking up corporations that get too big and wield too much power. There are many. Tim Wu, also from Columbia Law School. I think my message to them, because I'm sure the last six months has been incredibly frustrating for them, defeat after defeat, and I think it's important that the left in the House of Representatives has signalled that it is on board this package, it's not going to hold out for something more, which is a good sign, they understand the importance of cashing in on this victory.

But the idea components and the institutions established and the networks of people talking to each other and their entry points into this administration, so they can talk with real politicians who have real constituencies – my message to them is that they have to steady themselves for the long march and they have to be ready to anticipate defeat and then overcome defeat.

When Roosevelt came into office in 1933 and unveiled his New Deal, his administration was full of people had been banging their heads against opposition that they could not move for 10 or 15 or 20 years. If we want to understand the significance of the New Deal, and the New Deal order, we have to understand that a whole Brain Trust was built up between say 1910 and 1930. Very little visible in politics, because they had very little political access. They had some in a state here and there. New York, Wisconsin, to a certain extent California, but mostly they were in the political wilderness. And yet they stuck to their guns, they stuck to their ideas, they refine them, they continue to make connections, they continue to network. And then amidst the Great Depression of the 1930s, they got their opportunity. The same thing with the neoliberals descending with their ten

commandments from Mount Pèlerin in 1947. They spent 25 years in the wilderness before really getting a crack at political power.

And so I think there's an optimistic story, and some people reading my book have been taking it in this vein. You read the end of my book, it's not a moment of optimism, but if you think of the book as a whole, you can see that these two political orders depended on ideas that intellectuals and policymakers developed over a 20-year period with great confidence, with great commitment, steeling themselves against the many defeats they suffered. And the message of the book, in terms of building political orders, is that they did get their day in the sun, and they did become critical architects of profound political and influential formations in American life.

So I think it's very important for the progressives and left today, who are really getting their first taste of political power in the Biden administration and in the staffs of certain senators and congressmen, to understand this process and how long it takes. America is a big place and politics is very localised, and to command the political stage requires a comprehensive strategy of gaining votes, building support, and not losing heart, even as one is suffering repeated defeats. My message in a way is the idea that these policymakers who are part of the progressive failings today matter in a very important way, and they just need to stay the course and come up with a Herculean patience – that's not a good phrase, Herculean patience, I'll have to stick some other person in there – the patience required and the belief and conviction that their ideas at some point will enjoy success. It just takes time and effort and reversals to build political orders in a country as large and as diverse as the United States of America.

Andrew: Well, thank you very much, Gary. *The Rise and Fall of the Neoliberal Order: America and the World in the Free Market Era* is out now. It is an instant classic as the *Financial Times* said. Thank you very much, Gary, for joining us today. Thank you.

Gary: Thank you very much for having me.

This interview has been lightly edited for length and clarity. The full version of the interview is in the recording.