UNIVERSITY OF AMSTERDAM

UvA-DARE (Digital Academic Repository)

Ayn Rand: Fountainhead of Neoliberalism? [Review of: H. Achterhuis (2010) De utopie van de vrije markt]

Zuidhof, P.W.

Publication date
2012
Document Version
Final published version
Published in
Krisis

Link to publication

Citation for published version (APA):
Zuidhof, P. W. (2012). Ayn Rand: Fountainhead of Neoliberalism? [Review of: H. Achterhuis (2010) De utopie van de vrije markt]. *Krisis*, *2012*(1), 84-89. http://krisis.eu/content/2012-1/krisis-2012-1-10-zuidhof.pdf

General rights
It is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), other than for strictly personal, individual use, unless the work is under an open content license (like Creative Commons).

Disclaimer/Complaints regulations
If you believe that digital publication of certain material infringes any of your rights or (privacy) interests, please let the Library know, stating your reasons. In case of a legitimate complaint, the Library will make the material inaccessible and/or remove it from the website. Please Ask the Library: https://uba.uva.nl/en/contact, or a letter to: Library of the University of Amsterdam, Secretariat, P.O. Box 19185, 1000 GD Amsterdam, The Netherlands. You will be contacted as soon as possible.

UvA-DARE is a service provided by the library of the University of Amsterdam (https://dare.uva.nl)

Download date:10 Oct 2026

Krisis

Journal for contemporary philosophy

P.W. ZUIDHOF

AYN RAND: FOUNTAINHEAD OF NEOLIBERALISM?

Review of: Hans Achterhuis (2010) *De Utopie van de Vrije Markt*. Rotterdam: Lemniscaat, 319 pp.

Krisis, 2012, Issue 1
www.krisis.eu

In *De Utopie van de Vrije Markt*, Hans Achterhuis, philosopher of utopias, turns his analysis to the capitalist ideology of our times, neoliberalism. His argument, in short, is that the power of neoliberalism, just like that of communism, derives from a strong utopian foundation, which has generally been overlooked. The utopia of neoliberalism, Achterhuis claims, finds its clearest expression in the work of Ayn Rand and especially her 1957 novel *Atlas Shrugged*. The work of Rand, most of it published between the 1940s and 1960s, was very popular in the United States and gained a large and still active following. Rand developed her own school of philosophy called Objectivism, that centers on the principle of selfishness. In her novels and philosophical works, Rand advocates a form of rational and ethical egoism, and a political order based on laissez-faire capitalism. Her two novels, *Fountainhead* (1943) and *Atlas Shrugged* (1957) are lengthy portrayals of strong individuals who heroically and steadfastly pursue their lives according to Rand's philosophical principles. Rand worked together intensively with a small group of confidants, (ironically called 'the Collective'), of whom Alan Greenspan, the former Chairman of the Federal Reserve, was the most famous member.[1]

In the first part of his book, Achterhuis develops his central claim that Ayn Rand was instrumental in popularizing neoliberal ideas by giving them a utopian form, which, he maintains, has not been duly appreciated in Europe (23). One reason for this, according to Achterhuis, is that strong commitments to classical liberalism prevent us from seeing the unique, utopian nature of neoliberalism. In chapter 8 however, Achterhuis himself is palpably struggling to define neoliberalism, settling on calling it 'a vague container term' that comprises both the work of Hayek and Friedman, and also Rand's (89), but not the anarcho-capitalism of libertarians such as Rothbard. From reading the book, and its later chapters on Hayek and Friedman, it becomes clear that what unites them for Achterhuis, is that they share a similar sense of neoliberal utopia.[2] In the first part of the book furthermore, as a way of substantiating the alleged importance of Rand, Achterhuis spends considerable effort on showing the effect Rand's neoliberal utopia had on Alan Greenspan.

The main function of the first part of the book however is to showcase Rand's neoliberal utopia. Achterhuis shows how it conforms to three formal requirements of utopias identified in his earlier work (1998): utopias present (1) a vision of a society that (2) can be engineered and (3) is total. In brief, *Atlas Shrugged* tells the story of Dagny Taggart, daughter and executive of a railway magnate in the US. The story follows Taggart through her various encounters with characters that are strong, entrepreneurial, autonomous, and who rely on self-interest or are shown to be weak and led by fellow-feeling. When finally pursuing one of these strong characters, Taggart crashes with her plane. When she comes to, she is in Atlantis, a city in a remote valley built by John Galt. Atlantis is entirely governed by market rules. One pays for everything and everyone competes with one another. Galt takes Rand into his home, but she is required to work for him as a housekeeper. In the novel, Atlantis exists as a parallel universe to American society, to which its members frequently return, intent on undermining it. When society enters a state of emergency, John Galt takes to the radio waves and holds a now famous 70-page speech in

which Rand's entire philosophy is expounded. The novel ends with an implosion of American society. From this short description it is clear that *Atlas Shrugged* displays all of Achterhuis' criteria of a utopia. It presents a vision of a society that is ordered along purely free-market capitalistic lines, which will only be achieved when all forms of external interventions are abolished, and it suggests that this society will only be complete when the change is total. *Atlas Shrugged* indeed appears to depict a neoliberal, free market utopia set against a dystopian background of a weak society that is based on fellow-feeling.

To put the contemporary neoliberal utopia in perspective, the second part of the book sketches the history of market society. Drawing on the work of Polanyi and Heilbroner, Achterhuis shows that economic exchange has always been strongly embedded in society and has only recently been uprooted from it and developed into a separate market economy. With this capsule history, Achterhuis is conveying the idea that a complete market society is, historically speaking, 'unnatural' and moreover requires substantial government action. Implicitly, he appears to be arguing that Rand's free market utopia is equally unnatural. In the third section of the book, Achterhuis traces the intellectual history of the market by revisiting the work of Aristotle, More, Locke, Smith, Bentham, Marx, Durkheim, and Keynes, and evaluating their assessments of the emerging market society. Achterhuis shows nicely that, with perhaps the possible exception of Locke, all of them show one way or another that the Randian utopia of a free market is inconceivable. The most interesting example is provided by means of Bentham, of whom Achterhuis argues that his utilitarianism comes closest to Rand's free market utopia. Bentham's work on the *panopticon* however, in which subjects are disciplined to become the rational actors of capitalist society, serves for Achterhuis as a dystopian reminder of its impossibility. Although Achterhuis draws no clear conclusions from his long intellectual foray into the market, I read him as arguing that Rand's utopia constitutes both historically and intellectually a fantasy, since it abstracts the market from its societal ties and turns it into an abstract ideal.

The fourth and final part of the book is devoted to discussing the contemporary manifestations of neoliberal utopia. It opens with chapters on Hayek and Friedman, showing how they appear to mobilize a similar neoliberal utopia of the free market. It continues with a number of chapters on neoliberal experiments in Pinochet's Chile, Sri Lanka after the Tsunami, water policy in Peru, health care policy in the Netherlands, and the discussion surrounding executive bonuses, all of which point to the dramatic consequences of the free market utopia. The book ends with an epilogue titled 'Neither Market, Nor State' in which Achterhuis argues that regardless of its attractions the neoliberal utopia has proven to be highly destructive. Without clear evidence of economic growth, it debases human relations, leads to the uprooting and exploitation of people and common resources, exclusion, social inequality, the undermining of political power, and an increased need for discipline and supervision in society. While it may have been important in liberating us from arrangements that exclusively draw on the state, Achterhuis calls – visibly inspired by the work of Arjo Klamer (2005) – for a revaluation of economic arrangements that are again rooted in civil society, reciprocity or the *oikos,* and do not depend on either the market or the state.

My general assessment of the book is that Achterhuis is right in highlighting the utopian aspects of neoliberalism. His analysis of Rand's work as representing a neoliberal utopia is astute and is a welcome contribution to our understanding of neoliberalism, even though he is not the first to notice this (viz. Aune 2001). It is especially relevant to highlight the utopian streaks one finds in much neoliberal discourse and to help us discern the utopian flavor of some neoliberal proposals and policies. The work of the classic icons of neoliberalism, Reagan, Thatcher, Hayek, and Friedman indeed appear to build on utopian fantasies of a free market society, but perhaps even more on invoking the dystopia of socialism. Achterhuis also convincingly demonstrates the historical and intellectual limits of the neoliberal utopia of the free market. In this way he skillfully points out why the utopian market of neoliberalism, detached from its societal and moral bonds, is likely to wreak havoc.

However, the book and its account of neoliberalism are unfortunately suffering from a number of important flaws. To begin with, it contains a number of annoying inaccuracies and shortcomings.[3] While written in an accessible style, it is not always clear what Achterhuis' argument exactly

amounts to. His style of writing, for instance, is sometimes pedantic and disparaging of people critical of Rand. The book appears to be written at high speed and in the later chapters Achterhuis can be found rambling along, picking up on whatever he read in that day's newspaper (202). A more serious problem is that Achterhuis relies on a limited number of sources with which to build his story about the history of neoliberalism, most notably Naomi Klein's *The Shock Doctrine* (2007), and John Cassidy's *How Markets Fail* (2009). Some of the chapters on really-existing neoliberalism, for instance on Chile or the Tsunami, appear quite literally pulled from Klein's work, while the chapters on Hayek and Friedman rely strongly on Cassidy.[4] This points to the major shortcoming of the book, which is that Achterhuis hardly engages with existing academic literature on neoliberalism (notably Harvey 2005; Turner 2008; Mirowski and Plehwe 2009; Ong 2006; Peck 2010; Plehwe, Walpen and Neunhöffer 2005). Had he done so, a more nuanced story would have emerged that shows the variegated nature of neoliberalism and its multifarious grip on the world. It has led Achterhuis to overstate the utopian nature of neoliberalism and, especially, to inflate the importance of Rand in this respect.

To begin with the latter, Achterhuis' claim about the importance of Rand for the history of neoliberalism is historically highly implausible. A little too often, Achterhuis is suggesting that it is Rand's utopian visions that were responsible for the neoliberal revolution. The claim that Rand's utopian thought has shaped our neoliberal history can hardly be substantiated. None of the existing histories on neoliberalism refer to Rand's role (notably Harvey 2005; Turner 2008; Peck 2010). This raises the question of how influential Rand really was As it turns out, the oft-cited influence of Rand's novels is very much a myth cooked up by Rand's own neoliberal marketing machinery.[5] The Library of Congress and Book Club of the Month study cited by Achterhuis in which *Atlas Shrugged* came out as the second most important book after the Bible was conducted among only 5000 subscribers of whom 2000 responded.[6] The Library of Congress had no involvement with the study and respondents were reportedly offered a form including Book club items only.[7] *Atlas Shrugged* has sold over six million copies since its publication in 1957.[8] While impressive, it is approximately the same number as all books sold by Obama.[9] And moreover, notwithstanding the importance and potential influence of Alan Greenspanr, central bank directors, no matter how important, can simply not sway the world that easily. So the shuffled Rand-Greenspan-neoliberal-utopia nexus sounds a bit too much like historical conspiracy thinking to me. Thus while Achterhuis convincingly shows that Rand's work is a unique example of utopian neoliberal thinking, he is overstating his case when he turns that around into claiming that Rand popularized neoliberalism (23). Or that by overlooking Rand's utopia one will not understand the true nature of neoliberalism and its impact on the financial crisis (48). There is simply too little historical evidence to make such points. Rand had a popular following, but her work was berated by virtually anyone that mattered, including the likes of Hayek and Friedman (viz. Burns 2007). So to suggest that Rand wrote a manifesto for neoliberalism is somewhat of a historical overstatement.

Besides these historical problems, my main concern with Achterhuis' thesis that neoliberalism should be understood as a utopian project however, is a philosophical one. Contra Achterhuis, I would argue that in order to understand the peculiar nature of neoliberalism, it is important to recognize that it amounts to a political project or strategy that is largely devoid of ideological or utopian imagery. To present neoliberalism as essentially a free market utopia then, essentially misconstrues it. First of all, I am somewhat suspicious of the idealist overtones of Achterhuis' utopian account. It is all too often suggested that our current neoliberal state of the world idealistically sprang from Hayek and Friedman's popularizing publications, or according to Achterhuis, from Rand's utopian work. In doing so one is sidestepping the whole mediating machinery that was needed to translate those ideas into policy, with the Mont Pèlerin Society as only one example (viz. Mirowski and Plehwe 2009; Plehwe, Walpen and Neunhöffer 2006). Upon closer inspection moreover, one will note that utopian imagery hardly plays a role in the dissemination of neoliberalism. Friedman and Hayek (who are not really neoliberals in my book) espouse hardly any Rand-like utopian thinking in their work. If anything their work was driven by the dystopia of socialism. They sought to dispel this dystopia not by utopian thinking, but through the rigorous application of economic principles. If one looks at the various neoliberal policies that have been enacted worldwide, ranging from the Washington Consensus to the various policies of deregulation, liberalization, and privatization, one cannot

fail but notice the pragmatic nature of these policies and their legitimation. Having studied the neoliberal discourse of think-tanks in the US and the Netherlands, one of my findings (Zuidhof 2012) is that these policy changes were never motivated with reference to high political principles or utopian vistas, but rather through very pragmatic and economic appeals to efficiency, freedom of choice, consumer sovereignty, competition, or potential for innovation, and not ideals of freedom or self-determination. I find it therefore hard to believe that the neoliberalization of the health-care sector, the railways, or executive compensation for instance, was driven by the utopian ideal of Galt's Gulch. The continuing attraction of neoliberalism, I would hence argue, is not of its utopian appeal but rather because it presents itself in a highly pragmatic way.

A second reason why I think Achterhuis' account obfuscates rather than enlightens our understanding of neoliberalism relates to the contents of its utopia. For Achterhuis, and this applies to others too, the ideal of neoliberalism is a free market society with no, or little government. For starters, this raises the question of how the Randian ideal is different from more traditional accounts of economic liberalism. It is difficult to see how her utopian account differs from Rothbard's so-called anarcho-capitalism or the libertarian-inflected economic liberalism of Friedman, Hayek, or Mises. And as said above, Achterhuis can clearly be seen struggling to offer a convincing definition of neoliberalism. My take on this is that in order to appreciate the precise challenge posed by neoliberalism one needs a more distinctive definition, and it does not suffice to present neoliberalism as some form of radical economic liberalism. Inspired by Foucault's account of neoliberalism, I have been arguing – and a similar argument has been made by Peck (2010) for instance – that neoliberalism is distinguished not by a liberal emphasis on setting markets free, but that it instead contains a proposal for imagining and constructing markets, which turns them into tools of government (Zuidhof 2012). The novel feature of neoliberalism, I would argue, is its strategy of imagining markets as the preferred solution for managing political problems. The key is that neoliberalism is not merely about setting existing markets free. It rather entails a call to view, for instance, health care, crime, or schools *as* markets and consists of proposals to govern them as such. Liberals, of which I would count Friedman, Hayek and also Rand, ask only to set markets free. Neoliberals go one step further by imagining and actively seeking to construct markets as the way of solving political problems: think of health-care as a market, or think of universities as competing for students. Although sometimes hard to distinguish, there is a qualitative difference between the liberal call for free markets, and the neoliberal drive toward imagining markets as an alternative means of government. Even though these imagined markets hardly ever become completely 'real' markets, they imply nonetheless a different, neoliberal way of governing the health-care or education sector. Thus it may imply, for example, that health-care is increasingly provided on the basis of want rather than need, public transport is increasingly perceived as a private good, crime is approached using a cost-benefit approach, and students are 'nudged' into studying faster. To emphasize that neoliberalism hinges on imagining markets, I have suggested that neoliberalism is best viewed as an open-ended performative strategy based on the metaphor of the market (see Zuidhof 2012). The defining feature of neoliberalism is therefore not that it advocates some version of a libertarian anarcho-capitalist utopia of a free market without government, but that it instigates forms of government that are inspired by the market and are essentially market-like.

Neoliberalism entails then, in my view, a specific mode of government: government in the form of the market or market-like government. As such it should not be confused with the retreat of the state, or a free market dreamland. This is why Achterhuis' emphasis on neoliberalism as a free market utopia, I am afraid, tends more to cloud our understanding of neoliberalism and its consequences rather than to clarify it. While there are certainly neoliberal features in the excessive love of the market in Rand's utopia – think of its marketized views of personal relations for instance – these are not specifically highlighted by Achterhuis' idea of a free market utopia. Where Rand envisioned a world without government, the great irony of neoliberalism is that – especially here in the Netherlands – neoliberalism was often a state-led policy of government-created and controlled markets. In order then to further our understanding of neoliberalism and its effects on society, it is vital that we distinguish its unique features and not lump it together with more conventional liberal policies. Achterhuis' disquisition about neoliberalism as free market utopia, however well-intended, may therefore teach us little about actually existing

neoliberalism. The history and philosophy of neoliberalism is better served by studying current forms of neoliberalism rather than painting a utopian vista of a neoliberalism that never was.

P.W. (Peter-Wim) Zuidhof is Assistant Professor of European Political Economy at the European Studies program at the University of Amsterdam, the Netherlands. He recently defended his Ph.D. thesis titled *Imagining Markets: The Discursive Politics of Neoliberalism* (2012) in which he studied the discourse of neoliberalism. Zuidhof has a MSc. degree in Economics from Erasmus University Rotterdam and an MA. in Philosophy from the New School for Social Research, New York.

References:

Achterhuis, H. (1998) *De Erfenis van de Utopie*. Amsterdam: Ambo.

Aune, J.A. (2001) *Selling the Free Market: The Rhetoric of Economic Correctness*. New York: Guildford Press.

Burns, J. (2009) *Goddess of the market: Ayn Rand and the American Right*. Oxford, England: Oxford University Press.

Cassidy, J. (2009) *How Markets Fail: The Logic of Economic Calamities*. 1st ed. New York: Farrar, Straus and Giroux.

Friedman, M. and R.D. Friedman (2002) *Capitalism and Freedom*. Chicago: University of Chicago Press.

Harvey, D. (2005) *A Brief History of Neoliberalism*. Oxford: Oxford University Press.

Hayek, F.A. (2007) *The Road to Serfdom*. Chicago: University of Chicago Press.

Heller, A.C. (2009) *Ayn Rand and the World She Made*. 1st ed. New York: Nan A. Talese/Doubleday.

Klamer, A. (2005) *In Hemelsnaam! Over de Economie van Overvloed en Onbehagen*. Kampen: Ten Have.

Klein, N. (2007) *The Shock Doctrine: the Rise of Disaster Capitalism*. 1st ed. New York: Metropolitan Books/Henry Holt.

Mirowski, P., and D. Plehwe (eds.) (2009) *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective*. Cambridge, Mass.: Harvard University Press.

Ong, A. (2006). *Neoliberalism as Exception: Mutations in Citizenship and Sovereignty*. Durham: Duke University Press.

Peck, J. (2010) *Constructions of Neoliberal Reason*. Oxford: Oxford University Press.

Plehwe, D., B. Walpen and G. Neunhöffer (eds.) (2005) *Neoliberal Hegemony: A Global Critique*. Milton Park, Abingdon, Oxon: Routledge.

Turner, R. (2008) *Neo-liberal Ideology: History, Concepts, and Policies*. Edinburgh: Edinburgh University Press.

Weiss, G. (2012) *Ayn Rand Nation: The Hidden Struggle for America's Soul*. New York: St. Martin's Press.

Zuidhof, P.W. (2012) *Imagining Markets: The Discursive Politics of Neoliberalism*. PhD. Dissertation, Erasmus School of History, Culture, and Communication, Erasmus University Rotterdam, the Netherlands.

This work is licensed under the Creative Commons License (Attribution-Noncommercial 3.0). See http://creativecommons.org/licenses/by-nc/3.0/nl/deed.en for more information.

[1] For more background on Ayn Rand and her philosophy one is referred to two recent biographies about her; see: Heller (2009) and Burns (2009). Achterhuis draws a lot on Heller's biography, but curiously, does not refer to the second. Recently, a book was published documenting the history of Rand's influence in the US (Weiss 2012).

[2] As regards the libertarians, Achterhuis seems to toe the line of Rand, who openly derided them. When it comes to Hayek and Friedman, Achterhuis is however less faithful, since Rand was also highly dismissive of them, and vice versa (viz. Burns 2009).

[3] To give an example of some of the inaccuracies: Alan Greenspan is introduced as former 'President of the Federal Reserve Bank' (7), while he was Chair of the Federal Reserve. Achterhuis speaks of the money market where he should have referred to the capital market (212). He brings up the same quotation twice within the span of four pages (116-120).

[4] He opens his chapter on Hayek by parroting Cassidy (2009) that regretfully there exists no good scientific biography of him. Here Achterhuis is overlooking Caldwell's (2004) biography, which is hard to miss.

[5] Credit for this observation is due to Bregje van Eekelen of the Erasmus University Rotterdam, who alerted me to this history.

[6] Fein, E.B. (1991) 'Book Notes.' *The New York Times*. November 20. Accessible at: http://www.nytimes.com/1991/11/20/books/book-notes-059091.html?pagewanted=2&src=pm [March 26, 2012].

[7] Salmonson, J.A. '"Ayn Rand, More Popular than God!" Objectivists Allege!' Accessible at: http://www.violetbooks.com/aynrand.html [March 26, 2012].

[8] Ayn Rand Institute. (2008) 'Sales of *Atlas Shrugged* at All-Time Record.' Accessible at: http://www.aynrand.org/site/News2?page=NewsArticle&id=17225&news_iv_ctrl=1221 [March 26, 2012].

[9] 'Political Bestsellers: Which Politician Has Sold the Most Books.' *The Daily Beast*. November 7, 2010, Accessible at: http://www.thedailybeast.com/galleries/2010/11/07/political-authors.html [March 26, 2012].