

LIBERALISM, AS END AND NOT AS MEAN, DESTROYS LIBERTY**Fabrizio Pezzani**

ABSTRACT: *Today we are facing to a anthropological crisis not economic founded on neoliberalism absolute truth, so indeed seeing the success of a highly liberalist and capitalist sociocultural model, taken as being “indisputably true” and based entirely on a technical-rational philosophy. The result is a mainly conflictual and aggressive society that aims to maximize short-term gain for single individuals or groups of individuals. And in turn this produces an individualistic, anti-egalitarian society in terms of redistribution of wealth. It is exactly the increase of inequalities, as we will see in the USA, which increases the level of conflict. This makes the consequent social issues and costs worse, and these then boomerang back against the system. The current model has ended up by creating a crisis in the middle class, the class that really “primes the pump” in our societies. But if a crisis exists for a significant minority of our societies, inevitably there will be a crisis for everyone else. This paper holds that the true, deep-rooted causes of the crisis we are experiencing can be found in this sociocultural model now on the point of collapse. A model incapable of providing an answer for society’s real needs. We fail to see that the origin of today’s crisis all began way back, in the history of philosophy and in the field of speculation. Instead today we are used to always linking negative or positive facts to the last event that occurs. So a single technical-rational and materialistic culture and philosophy, and its indifference to the humanistic culture that has developed over the past two centuries, prevents us from capturing the more metaphysical and spiritual as opposed to purely physical essence of the crisis under way. This has been legitimated by a culture claiming that the sole principle of truth is “what we can see, touch and measure”. In fact, while physical reality is measurable, spiritual and emotional reality is not, and so the perimeter that defines the measurement becomes clouded and irrelevant when used for decisions. But the rationale culture founded on positive science has changed this science in moral science and not instrumental science, but the deterministic culture in human science, like economy, is absolutely opposite to a freedom, democracy, and creative life.*

KEYWORDS: Neoliberalism failure, inequality, deterministic culture and democracy, economy social science and not positive science, history repeat itself

INTRODUCTION

Today’s all-pervading liberalist or neo-liberalist theory claims to find its roots and legitimation in the works of Adam Smith, especially *The Wealth of Nations* written in 1767, and the concept of free will regulated by the invisible hand of the market. But Smith’s philosophy was in fact the exact opposite of this interpretation. Liberalism is currently seen as an end – not as a means as conceived by Smith – and contributes to create an economic model based entirely on an exasperated technicism and dominant financial bias that has broken completely with this science’s moral and social roots, in this way we have changed totally its DNA.

To really comprehend Smith’s theory we have to see it against the historical backdrop of his time and with a comprehensive view of his works, starting from *The Theory of Moral Sentiments* dating from 1759, so before *The Wealth of Nations* was written and which is fundamental to understand the

concepts expressed in the latter. From a cultural standpoint the 1700s in which Adam Smith lived was a revolutionary century, primed by the 1600s when the trial of Galileo and Newton's insights led to the independence of science as opposed to that unity of life and thought determined by religion. The 18th century was the Age of Enlightenment, when speculative ideas asserted people's freedom in terms of self-realization, the role of reason and principle of rationality, although not absolute but subject to a superior moral order. Kant would later write a criticism of pure reason and paved the way to German (Hegel and Fichte) realism and historical materialism (Marx and Engels). Towards the end of the century the American and French revolutions proclaimed the universal rights of mankind – liberty, equality and fraternity – as being the absolute ends, far removed from egoistic and exclusive personal interests. Smith, the enlightened Scotsman, and David Hume agreed on the “sympathy principle's” role as the regulator of human relations and the ability to see things from someone else's point of view. Free will was vital, but while individual choices pursue personal interests they must submit to collective interests. As Smith observed, a baker sells bread in pursuance of a personal interest but he must also take into account the needs of those who buy it – today we might call this a form of ‘cooperative competition’. It was quite clear to him and his contemporaries that moral limits were unsurpassable and that social equilibrium could only be achieved by mediating between the egoism and altruism that define moral conscience and ends. These were issues he had tackled both at the outset of his studies and when teaching moral philosophy.

In the following century – the 1800s – the rational culture and exact sciences gained the upper hand, and as Pascal said, “*l'esprit de geometrie*“ prevailed over “*l'esprit de finesse*“ and intuition progressively gave way to reason. So the social sympathy principle was replaced by that of personal utility.

Truth was only what could be seen, touched and measured, and the positive sciences that interpret truth themselves became incontrovertible truths. What had initially been instrumental knowledge achieved the status of moral knowledge and the ‘mirage of rationality’ carried the day. An illusion that for science is even more dangerous than ignorance.

Economics suffered this genetic mutation too. From social and moral science it was elevated to a positive, exact science capable of dictating the rules of life. Instead of people making money to live, they live to make money and so the means becomes the end. Many centuries before Aristotle coined the term chrematistics to indicate this – the accumulation of wealth is a dehumanizing activity, he said, with in mind the mythical King Midas. When the aim becomes to maximize individual interests, liberalism becomes the end, exactly the opposite of Smith's concept. The law of the strongest asserts itself and illicit conduct also becomes normalized, factors that contribute to establishing a perpetually conflictual and individualistic society. The ‘side effects’ of achieving such an end are inequality, unemployment, poverty, liberty, moral decay. Human society has a failing, it finds it difficult to grasp limits – points of no return – beyond which these side effects become primary and sooner or later precipitate into the fatal calamities of class differences and war. The individualistic sociocultural model destroys every way of solidarity, it is necessary to realise individual end in every way also whit the normalisation of criminal behaviour. Affirming the self that is the antechamber of death eventually leads to immoral individualism, insensitivity to the pain created in others, a form of euthanasia that strikes societies in their declining phase until the barbarian times ceased, as Vico defined this stage, to leave space for solidary love.

Thus, the real causes of the crisis that manifest with economic phenomena are ascribable to the evolution of a model of society that over time has become more and more individualistic and anti-

egalitarian in the redistribution of wealth. In fact, this crisis is not an ordinary crisis such as those that occur every 10-15 years, but extraordinary and should be read in the long years constituting history in which the genetic impulses of human nature alternate, always fluctuating between genetic aggression and the collective consciousness of the common good. It is time to understand that we are facing one of the greatest transitions in human history where the model of values and culture is replaced by another and the sooner we realize this way of hearing and seeing history, the easier it will be to find the remedies and means to deal with the problem.

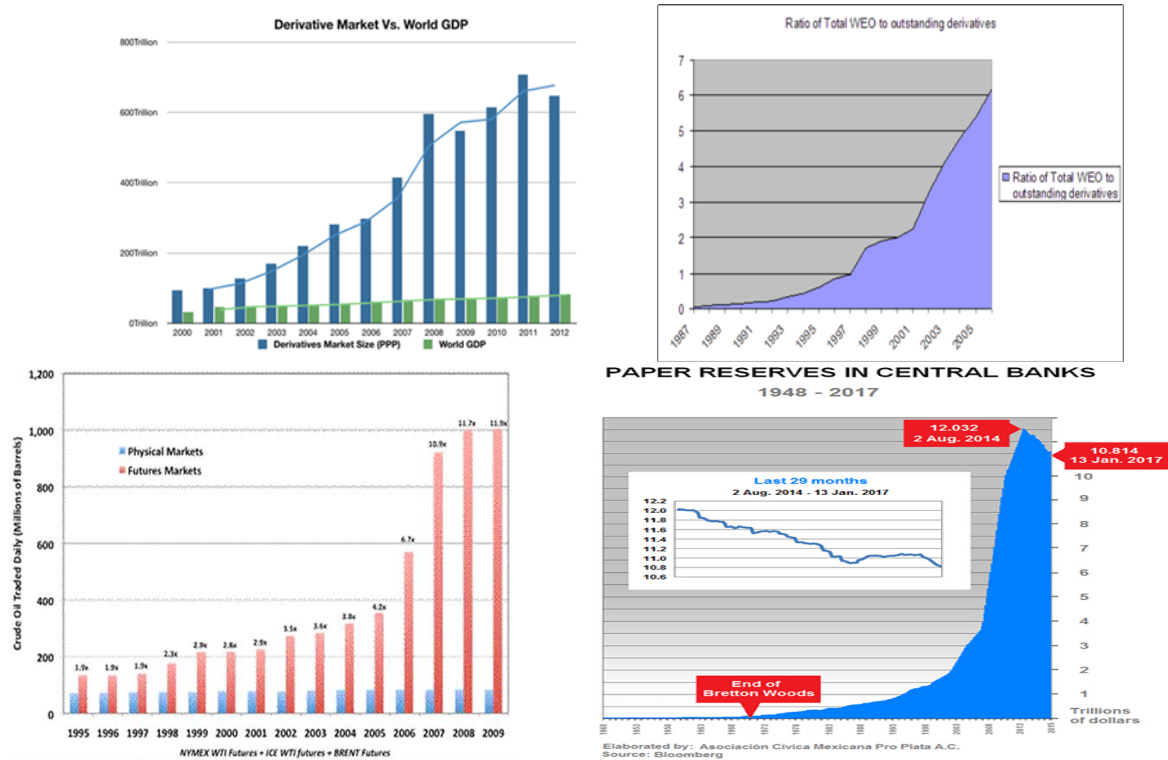
The crisis is fundamentally a crisis of values whose inflection has led to an over-materialistic and utilitarian interpretation of resources and production factors, attributing to the role of economics and finance, which are tools, a moral order, namely, the order of ends to which to submit a judgement on the individual and on society.

This social and value model began spreading in the last two centuries with a strong acceleration in the last 30-40 years. In particular, the implosion of the Soviet empire embodied in the fall of the Berlin Wall developed the idea that the strongly liberal economic model is the solution to all ills, justifying market fundamentalism and greater "deregulation" to promote growth and the idea of eternal omnipotence of the nation expressing that model, the US. At that point, the technical-rational knowledge typical of the American socio-cultural model assumed the dominant role of absolute and self-referential values, subordinating to it the development and judgment of the individual and society as a whole. Economics and finance increasingly began taking the role of the ends and not the means, defining the rules and the direction of the social systems. Over a period of a few years, 1971 - 75, a historic turnaround took place that would bring finance to fictitiously rise to the real world. Nixon declared the end of the convertibility of currency into a real equivalent, totally separating the infinite world of finance from the real world that is finite. We would be flooded by an infinite money supply without any correlation with the value of real assets, a mythological currency but fraudulently passed off as scientific truth even when faced with the facts. In fact, two opposing systems were generated: the immaterial, infinite, unregulated and unmeasurable finance and paper money system, and the finite, material and measurable system of our world.

In the absence of real constraints, money assumed an infinite dimension and finance espoused this infinity, which is exactly and logically the opposite of a finite reality. Science allegedly affirmed such infinity, which in itself does not have a unit of measure, to measure the real world that is instead finite and measurable. Aristotle's principle of non-contradiction states "A" cannot simultaneously occupy the position of "not-A" but is invalidated by contradicting the principles of logic and manipulating the facts. This ushered in the era of infinite money with a dominant role based neither on scientific grounds nor on simple logic. The material finite became prey and hostage of the immaterial infinite and everything turned into a play of light and shadow as in the Chinese theatre where something can be seen yet constantly eludes.

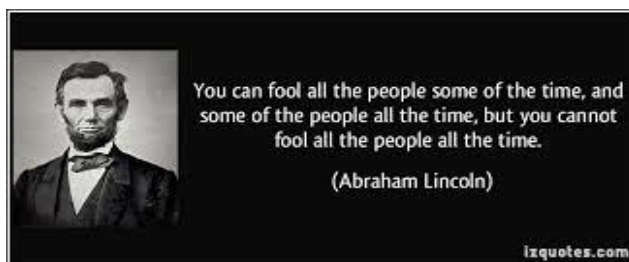
When the printable volume of money became unlimited and uncontrollable, monetarism acquired an unnatural role because it raised infinite money above the finite, illogically determining its value and detached from reality. The trends of the financial prices of real assets were determined and influenced by endless speculation with exchanges that never closed, generating infinite financial volumes that nobody controlled. The prices of real assets and currencies were no longer based on real quantities but on endless bets as the oil and grain markets showed.

Everything became finance and the Nobel Prizes justified Greenspan’s total deregulation in 1999 with derivatives, other toxic products and the abolition of the Glass Steagall Act that separated investment banks from ordinary credit banks, allowing the wolves to enter into the defenceless sheep’s pen. The following graphs show the explosion of finance and toxic products such as derivatives that from 1990 to 2010 went from 1/20 to 20 times global GDP, at in the which way the toxic finance manages the prices of commodities and the explosion of monetary reserves in central banks:



Today we have a form of liberalism that taken as an end destroys liberty. Once more we are faced with a cultural absolutism that seemed to have been defeated by the painful experiences of the past century but that now, deceptively, again rears its ugly head.

Economics must be reconciled with its nature as a moral and social science, “we need a new paradigm because much more is at stake than the credibility of the profession or policy makers that use its ideas, what is at stake is the stability and prosperity of our economies” (Stiglitz, Il Sole24Ore, 2010 but , now , it seems that Stiglitz has forgot this declarations) and, I would add, our societies. The Sarkozy’ commission whith Amartya Sen , Stiglitz and Fitoussi which had the responsibility to define “ over GDP “ , remembering the famous speech of “ Bob “ Kennedy (40 years ago) is lost in the mission but as old latin said “ quod differtur non aufertur “.



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