

November 16, 2018

Dear Friends,

I realized late this week that I am not going to revise my last essay on “Compromise as an Act of Respect” in time to send out for our discussion on November 25. I haven’t fully digested the ideas I want to present. Nevertheless, here’s an outline of my ideas:

My concern is with neoliberalism. Neoliberalism is *laissez-faire* capitalism plus a strong state to create and structure markets. It paved the way for globalization by establishing world-wide markets and international financial transactions. It has also been blamed for the Great Recession of 2008. It emphasized, as did Adam Smith, specialization and trade as the mechanisms for creating wealth. In its Thatcher/Reagan version, neoliberalism sought to cut the governmental safety net in order to promote competition and self-reliance.

Although neoliberalism is an economic theory, it is more broadly a philosophy of governance. Its foundational argument is that no one could know enough to plan an efficient economy because knowledge is too dispersed throughout the economic system. The market is the way to compile knowledge and make it useable. We bring to the market our bits and pieces of knowledge. The main way we communicate the knowledge we have is through the pricing system.

The example that Hayek famously used to illustrate how the price system compiles knowledge was tin (*The Uses of Knowledge in Society*). He asks us to assume that somewhere in the world a new use of tin has been found. Tin becomes scarce and its price rises. People don’t need to know why tin cost more or what tin is used for. They only need to know that it is more profitable to send the tin elsewhere. Quickly this knowledge, which is communicated through the price at which tin can be sold, spreads through the market, and tin is redirected to a buyer who will use the tin to create greater wealth.

In the market, the best ideas will catch-on and thrive through the influence of supply and demand influence on price. Thus, neoliberalism’s answer to our not knowing enough to plan for the future is to let the market decide. Under neoliberalism, the push was to expand markets to include more things, and the result was that the market began to determine our fate in more and more areas of life. It is, however, very important to note that markets made the decision about what kind

of future we wanted based solely on efficiency, which means not “wasting materials, energy, effort, money, and time.”<sup>1</sup> It did not consider whether other social goals might be more important.

Neoliberalism pushed to make everything, or at least as many things as possible, into commodities. Commodities are things that are solely produced in order to be sold. Many goods, particularly social goods, are not commodities but are treated like commodities by neoliberalism. In *The Great Transformation*, Karl Polanyi identified labor, land, and money/credit as key examples of “fictitious commodities” that have significant negative consequences when they are bought and sold with no regard for their impact on people’s lives. The effect on community life is often devastating because markets select for efficiency and efficiency may or may not serve the other social goals that we consider important.

In *The Once and Future Worker*, Oren Cass argues that neoliberal markets have had a detrimental effect on strong families and thriving communities. These are core features that make life meaningful and satisfying. Strong families and thriving communities are highly correlated with stable work. Almost every social indicator of health and well-being is strongly associated with the presence of meaningful work. Yet, as Cass rightly argues, “the renewal of work and family, sustained by a healthy labor market,” has not been the center of public policy (p5). If anything, they have been an afterthought or by-product of increased consumption which political leaders recast as increased prosperity.

Because neoliberalism, as well as capitalism in general, sees consumption as the driving force of the economy, it treats everyone as if they are consumers, as if their fulfillment comes primarily, if not solely, from what they consume. Although they rarely say so explicitly, the policies of both Republicans and Democrats are built upon the premise that it doesn’t matter if people don’t have jobs, give them money to buy things and they will be happy. Needless to say, this strategy hasn’t work out very well. We can’t “welfare” our way out of this problem concerning the break-up of the family and the disarray of our communities.

I like Cass’s analysis, but I don’t like the policy changes that he advocates. He was Romney’s domestic policy analyst, and his proposals reflect that bias. The problem, as I see it, is that we need to reclaim control over the decisions that affect our lives. It is the only way that we will be able to prioritize social goals other than market efficiency. Neoliberalism turned these political decisions

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<sup>1</sup> <https://en.wikipedia.org/wiki/Efficiency>

over to the market, and in doing so, alleviated our need to reach political consensus because no consensus is needed if the market dictates the outcomes.

To reclaim politics as the arena for making political decisions is it necessarily to recapture the art of compromise. How can we make compromise a more robust form of decision-making? I think the answer is to treat those with whom we differ with greater respect. But what is it about human beings that we should respect? In *The Decent Society*, Avishai Margalit argues that the trait that we should respect in human beings is their radical freedom. Radical freedom is a capacity rather than an achievement. People may or may not use their freedom wisely or compassionately, but they can reevaluate and, thus, change their lives in any given moment in respect to any number of circumstances. In practice, respect means recognizing the value of a person's lived-experience. I am not required to value any opinion that a person might hold, but I am required to take seriously the experiences in a person's life that give rise to that opinion.

It is not immediately obvious what "taking seriously" really means. In *The Rhetoric of Reaction*, A. O. Hirschman analyzes the standard rhetorical responses that people offer to proposals that they oppose. In brief, they are:

1. Exaggerating the disastrous consequences that will occur if we do or don't take a certain action.
2. Overstating the ultimate futility or inevitability of any proposed change.
3. Emphasizing falsely either the jeopardy or benefit that a proposed action will have on other worthwhile achievements.

We might begin to reclaim compromise as an act of respect by simply avoiding these rhetorical pitfalls.

Another barrier that we must overcome if we want to make compromise a more robust form of decision making is the low regard that we have for compromise. We tend to think that compromises dilute our most important opinions and values. However, in *Compromise and Rotten Compromise*, Avishai Margalit writes: "We should, I believe, be judged by our compromises more than by our ideals and norms" (p. 5). The reason is that we rarely attain our highest priorities, whatever they may be; circumstances force us to settle for less than we want. "Ideals may tell us something important about what we would like to be. But compromises tell us who we are" (p. 5).

In closing, it is important to place our conversation about compromise and respect in a larger political framework. In “Why Technology Favors Tyranny” (Atlantic Monthly, October 2018), Yuval Harari argues that “the common person feels increasingly irrelevant.” The political struggle for most of the 20<sup>th</sup> century was to translate people’s economic relevance—the role that they played in creating wealth—into political relevance—their participation in the political process. Today, people who have a political voice fear that they are losing any economic relevance they may have once had. Harari believes that “they are frantic to use their remaining political power before it is too late.” The challenges they are facing, Harari concludes, may not be to carve out an existence “against an economic elite that exploits people but against an economic elite that does not need them anymore.” This shift is of monumental importance because it alters the entire political agenda.

It is quite likely that the international labor market and the technological breakthroughs in artificial intelligence (AI) will determine what kind of jobs will be available in the future. In *21 Lessons for the 21<sup>st</sup> Century*, Harari gives us a grim prediction of what these jobs will probably be. They will involve the interplay of what Harari calls “infotech” and “biotech.” Humans have physical and cognitive abilities that robots and AI will soon surpass. AI will also add superior connectivity and updatability to the mix of skills that humans will be unable to match. While in the past, advances in technology created a new job for every job that it eliminated, it is doubtful that this trend will continue.

Harari claims that we are faced with three possible courses of action: (1) prevent old jobs from being lost, (2) create new jobs, and (3) figure out how to respond if job loss outstrips job creation. Preventing old jobs from being lost is probably a fool’s errand. Creating new jobs is possible, but these will be of a very different nature. Previously, people took the skills that they had and utilized them in a new job situation. The new jobs that AI will make possible will require the ongoing acquisition of newer and more technical skills. Even the professions that we choose will be in a constant process of transformation. It will be a gigantic challenge that we may be ill-suited to meet emotionally. Finally, there will be the challenge of responding to those who will be pushed out of the job market. The social, economic, and political models that we have inherited are inadequate for dealing with “post-work” societies fueled by “post-work” economies and governed by “post-work” politics.

In the *Human Condition*, Hannah Arendt makes a distinction between labor and work. Labor is about creating the necessities that sustain life. It is forever on-going, and its products are

consumed. Work is about making things that endure. Its goal is to create a home for human habitation. This distinction become especially useful if we think about labor as a way to make a living—that is, to earn a salary—and think about work as creating the community that we want to call home—that is, building the habitat that enhances our humanity. Both labor and work are important, but what they do is different.

In the 21<sup>st</sup> century, labor will increasing become a job and will be closely linked to having an income. Work will become what we do to build an environment in which relationships flourish. The new political agenda revolves around how to provide income when there are fewer and fewer meaningful jobs and how to value the community-building work that we need to live bearable, if not enriching, lives. This is the political agenda that will struggle against the irrelevance about which Harari writes. We will not succeed at this agenda without the willingness to compromise and a commitment to respect one another.

We must make another shift if we are to have any hope of addressing the challenges of irrelevance. The scope of the problem is no longer national, and so national politics will increasingly become ineffective. The stage for politics is now global, but there are no global organizations strong enough to call forth the sacrifices that will be needed, especially when we have few global allegiances that bind us together in any meaningful way. There may be hope in the “new localism” that some policy analysts are now advocating. In *Healing American Democracy*, Mike Hais, Doug Ross, and Morley Winograd argue that local solutions based on problem-solving and flexibility are the wave of the future. The goal should be to create in local setting laboratories of innovation that combine the energy of local people with the interests of local business and with the support of local government and non-profits. Such initiatives have the potential to lay the foundation for a new civic ethos. In *The New Localism*, Bruce Katz and Jeremy Nowak argue that this new localism has the ability to embrace the local and the global in a more creative manner than the hierarchical structures of a nation. Only time will tell if these localized approaches will bear the needed fruit.