



# Features



## A DIFFERENT SORT OF NEOLIBERALISM? MAKING SENSE OF GERMAN HISTORY SINCE THE 1970S

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### I. German *Zeitgeschichte*, the 1970s *Strukturbruch*, and the neoliberal conundrum

Oh, the times we're living in! In our current situation of deep crisis, who might not, from time to time, wish to join in the laments that we are hearing on both sides of the Atlantic. Historians, however, have been trained to be wary of such generalized jeremiads. Indeed, they recognize the pattern behind such diagnoses. Since classical antiquity, it has been a constant trope in the self-fashioning of societies that the times are out of joint. Indeed, there is hardly a period in the past, certainly since the late eighteenth century, that was not experienced as a time of transformation and crisis by those living through it, or that has been interpreted as a time of crisis and structural change by later historians.

So, what times are we living in? The question becomes more complicated as well as more precise when it is turned from a rhetorical into an analytical one, and if it is applied not simply to the present moment but to the last three or four decades. We know many things that have "happened" since the 1970s or 1980s, and that we can be rather certain will appear in the history books of the later twenty-first century: the fall of the Berlin wall and the collapse of the Soviet communist empire; the decline of the industrial economies that had emerged in the nineteenth century; the digital revolution and even, to be sure, the election of Donald Trump as President of the United States in 2016. But what does it all add up to? What label will be attached to the history of the late twentieth and early twenty-first centuries? As of now, it seems, there are many things in the box, but the box does not yet carry a name. Or, to refer to the Greek fable of the hedgehog and the fox, which was translated into modern intellectual history by Isaiah Berlin: Is the field of contemporary history still in the "fox mode," knowing "many different things," and unable to switch into the hedgehog's capacity of knowing and defining the one big thing?<sup>1</sup>

1 Isaiah Berlin, *The Hedgehog and the Fox: An Essay on Tolstoy's View of History* (London: Weidenfeld and Nicolson, 1953). — The author wishes to thank the German Historical Institute Washington for the invitation to deliver the 32nd Annual Lecture, especially its director, Simone Lässig. References have mostly been limited to the most relevant or exemplary literature, with an emphasis on the most recently published work.

This problem may be deemed irrelevant in two different ways. On the one hand, some might say: Here comes yet another one of those historians from Germany who, true to the hedgehog character, is more interested in grand synthesis than in original research. However, regardless of national patterns in the culture of scholarship, which unquestionably still exist, the search is on for a grand narrative and overarching theme of the recent era, and moreover, it has a bearing upon American history as well. Another response might be to say this effort is premature. To recognize the shape of a historical era, would it not have to be over, so that it can be described from a truly historical vantage point as a concluded past? Again, this is a valid objection. And yet, historians know very well that many “era labels” that have proved to be persistent categories originated with contemporaries — the age of enlightenment being perhaps the best-known example. For that reason alone, it is worthwhile to survey the terminology applied to the history of the past decades because, as the record shows: It may stay with us, and in the history books, for a long time.

Then again, our era does not quite appear to be a new age of enlightenment. It may even be its opposite. The last four decades are often framed as an age of decline and deformation. They do not even carry their own distinct name. Despite the fact that we are talking about a period of almost half a century, this time-span does not exist in its own right; it is a period of “post-something,” with its Archimedean point lying outside of itself, in the supposedly better times that are long behind us. In the vibrant German discourse on *Zeitgeschichte*, on making sense of the recent past, the assumption of a fundamental caesura in the 1970s has almost advanced to the status of a new orthodoxy.<sup>2</sup> The end of the three-decade-long period of postwar boom, expansion, and cultural optimism is symbolically marked by the first oil crisis of 1973. But more than that came to an end: in political economy (and economic and fiscal policies) the era of Keynesianism that had originated in the interwar period, not least in the American New Deal, gave way to the new doctrines and policies of Chicago-style monetarism and neoliberalism. German historians such as Ulrich Herbert have argued that the 1970s even marked the end of an age of “high” or “classical” modernity that had spanned almost a century, beginning with the emergence of industrialized, highly urbanized, and increasingly technology-bound societies in the Western world in the late nineteenth century, such as in the *Wilhelmine Kaiserreich*.<sup>3</sup> Or, it could be said that the glorious times of the “Modell Deutschland,” established from the ruins of the Nazi Empire, were over.<sup>4</sup>

2 Especially so with the enormously influential short book by Anselm Doering Manteuffel / Lutz Raphael, *Nach dem Boom: Perspektiven auf die Zeitgeschichte seit 1970* (Göttingen: Vandenhoeck & Ruprecht, 2008). See also: Konrad H. Jarausch (ed.), *Das Ende der Zuversicht? Die siebziger Jahre als Geschichte* (Göttingen: Vandenhoeck & Ruprecht, 2008); Morten Reitmayer / Thomas Schlemmer (eds.), *Die Anfänge der Gegenwart: Umbrüche in Westeuropa nach dem Boom* (Munich: Oldenbourg, 2014); in a global perspective: Niall Ferguson et al. (eds.), *The Shock of the Global: The 1970s in Perspective* (Cambridge, Mass.: Harvard University Press, 2010).

3 Especially so in Herbert’s magisterial synthesis of 20th-century Germany: Ulrich Herbert, *Geschichte Deutschlands im 20. Jahrhundert* (Munich: C.H. Beck, 2014); see also Herbert, “Europe in High Modernity: Reflections on a Theory of the 20<sup>th</sup> Century”, *Journal of Modern European History* 5 (2007): 5-20. The notion of “classical modernity” and its historiographical influence is still much indebted to Detlev J.K. Peukert, *Die Weimarer Republik: Krisenjahre der klassischen Moderne* (Frankfurt: Suhrkamp, 1987).

4 See Thomas Hertfelder and Andreas Rödder, eds., *Modell Deutschland: Erfolgsgeschichte oder Illusion?* (Göttingen: Vandenhoeck & Ruprecht, 2007).

How, then, can we make sense of this recent past of “post-classicism” or “post-modernity,” to use the grand concept from cultural theory that has exerted a deep impact on historical writing about the recent past? Beyond those relational categories of “post-something,” other concepts that may suggest a synthetic understanding of the times since the 1970s are in wide usage, with “globalization” and “neoliberalism” arguably being the two most important; and of course, they are in many ways interconnected, both empirically and conceptually.<sup>5</sup> Neoliberalism, however, may be the concept that is better suited to provide a key to a variety of problems in the inner mechanics of Western societies. This includes not only their economics and politics, but also their cultural modes of operation in a wider sense. In particular, I will argue that the neoliberal transformation of Western societies emerged in different varieties across North America and Europe, despite shared origins and common denominators.

To make this argument, this essay will sketch the particular German brand of neoliberalism that emerged in the 1980s, in marked difference to those Anglo-Saxon varieties most often identified with American President Ronald Reagan and British Prime Minister Margaret Thatcher. In contrast to widespread understandings of the term both in academia and among the wider public, the German version of neoliberalism may be described by three attributes: as “soft,” “governmental,” and “ecological” (or, “sustainable”). It is a “softer” version that is historically more path-dependent, and is different from the radicalism of other varieties — a radicalism that originally both proponents and critics saw as one of neoliberalism’s central characteristics. Secondly, German neoliberalism cannot be understood as an attempt at strengthening liberalized and deregulated markets at the expense of state power and public regulation. Instead, it has taken the shape of state regulation in widely different policy fields, and it may even be characterized as establishing a primacy of political governance. German history as well as the history of the European Union in the neoliberal era did not follow a trajectory of “Entmündigung des Staates” (placing the state under guardianship), as Anselm Doering-Manteuffel has suggested<sup>6</sup> — quite the contrary. Finally, German neoliberalism has developed since the 1980s together with the rise of the ecological movement and the Green party, and while their co-occurrence might be accidental, the two have most certainly co-evolved in many ways, with the ecological groups feeding ideas of sustainability into the German idea of neoliberalism. This is a fundamental aspect of German *Zeitgeschichte* that still needs to be

5 For a recent synthesis of European history in which globalization takes center stage, see Andreas Wirsching, *Der Preis der Freiheit: Geschichte Europas in unserer Zeit* (Munich: C.H. Beck, 2012); Wirsching, *Demokratie und Globalisierung: Europa seit 1989* (Munich: C.H. Beck, 2015).

6 Anselm Doering-Manteuffel, *Die Entmündigung des Staates und die Krise der Demokratie: Entwicklungslinien von 1980 bis zur Gegenwart* (Stuttgart: Stiftung Bundespräsident Theodor-Heuss-Haus, 2013). See also idem, “Die deutsche Geschichte in den Zeitbögen des 20. Jahrhunderts,” *Vierteljahrshefte für Zeitgeschichte* 62 (2014): 321-348; idem, “Deutschlands 20. Jahrhundert im Wandel zeithistorischer Narrative,” *Historische Zeitschrift* 306 (2018): 97-120. For critical discussions of Doering-Manteuffel’s narrative and periodization, see Peter Hoeres, “Gefangen in der analytisch-normativen Westernisierung der Zeitgeschichte: Eine Kritik am Konzept der Zeitbögen,” *Vierteljahrshefte für Zeitgeschichte* 63 (2015): 427-436; Ariane Leendertz, “Zeitbögen, Neoliberalismus und das Ende des Westens, oder: Wie kann man die deutsche Geschichte des 20. Jahrhunderts schreiben?” *Vierteljahrshefte für Zeitgeschichte* 65 (2017): 191-217.

better understood in the United States, especially in the context of the persistent critique of fiscal austerity in Germany that is propounded by American Leftists and Conservatives alike.

Viewing the history of the past four decades through the lens of neo-liberalism may therefore be helpful in order to make sense of that still strangely “unmarked space” in contemporary history. In addition, it might also lead toward a better understanding of the complicated, and seemingly paradoxical, trajectories on which the United States on the one hand, and Germany — and in many ways, the European Union — on the other hand have embarked since around 1980. A brief look at American historiography and historical *Zeitdiagnose* (perspectives on the present) offers striking parallels to the German literature. Some attempts at synthesis are written primarily in the “fox mode,” such as Sean Wilentz’s *Age of Reagan, 1974-2008*, which eschews large analytical concepts.<sup>7</sup> The arguably most influential, and most sophisticated, history of the recent decades, Daniel T. Rodgers’s *Age of Fracture*, promotes a similar narrative. Although focusing on trends in intellectual history, it conveys the same overall image of disintegration as much of the German scholarship does: the image of a previous whole that has been gradually shattering into pieces since the 1970s.<sup>8</sup> Writing in the same vein, George Packer’s *The Unwinding* relates that story of disintegration and decline in a gripping journalistic manner, but he also shifts attention from the spheres of high culture and scholarship to the very fabric of society and to everyday experiences of crisis. In the paperback edition, Packer’s book carries a new subtitle that makes the historical narrative to which his study subscribes unmistakably clear: *Thirty Years of American Decline*.<sup>9</sup>

And yet, the differences often make transatlantic historians wonder, less perhaps differences in historiography than in the very obvious divergences in the course of history itself.<sup>10</sup> Since the 1980s, America has remained a society profoundly shaped by the military, while Europe, and Germany in particular, has demilitarized and has become culturally pacifist. During the same time, America’s religious culture has grown stronger, especially with the rise of evangelical Christianity, while Europe has become the most secular region on Earth. American political culture, and the programs and milieus of the two major parties, have lost their middle ground and become polarized to an extreme. In Germany, meanwhile, the polarization of the 1970s has given way to a new centrism in political culture, with the major political parties, including the CDU, the SPD, and the Greens, having all moved to the middle. One can easily continue this enumeration:

7 Sean Wilentz, *The Age of Reagan: A History, 1974-2008* (New York: Harper Collins, 2008).

8 Daniel T. Rodgers, *Age of Fracture* (Cambridge, Mass.: Harvard University Press, 2011).

9 George Packer, *The Unwinding: An Inner History of the New America* (New York: Farrar, Straus and Giroux 2013); paperback ed. 2014: *The Unwinding: Thirty Years of American Decline*. See also: J.D. Vance, *Hillbilly Elegy: A Memoir of a Family and Culture in Crisis* (New York: Harper Collins, 2016).

10 For a deeper discussion of this trajectory of divergence, see Paul Nolte, “Transatlantic Ambivalences: Germany and the United States Since the 1980s”, in: Nolte, *Transatlantische Ambivalenzen: Studien zur Sozial- und Ideengeschichte des 18. bis 20. Jahrhunderts* (Munich: De Gruyter Oldenbourg, 2014), 369-388.

Despite its massive loss in traditional industries such as textiles or consumer electronics, Germany has, to a large extent, remained an industrial and production society, especially when compared to the triumph of the American service economy.<sup>11</sup> It remains to be seen whether the current American president will be able to reverse that shift. Finally, the unleashing of markets in the United States finds its parallels in certain German and European attempts at privatization, such as in the airline industry or in telecommunications. It contrasts, however, with a strong German state that has never lost its grip on society and has, on the contrary, in many respects become more, not less, of a regulatory state, especially since the 1990s. Again, therefore, the search is on for the neoliberal syndrome and its varieties on both sides of the Atlantic Ocean.

## II. Beyond the political economy: deregulation and order – a Foucauldian view

What, then, is neoliberalism? Before specific empirical varieties can be addressed, the different layers of the term must be distinguished. In its most basic sense, the term refers to the anti-Keynesian type of market economics that is particularly connected with Friedrich August Hayek and Milton Friedman, and which rose to prominence during the 1970s, first in academic circles, and shortly thereafter in politics.<sup>12</sup> Its characteristics are supply-side economics instead of an economics of (consumer) demand; a focus on individuals and their behavior in economy and society, rather than on groups and collectives; and above all: the prioritization of free markets over state intervention and governmental regulation, as the best means of achieving wealth and freedom. In that sense, neoliberalism as a new economic doctrine has heavily influenced conservative politics in the United States and the United Kingdom under Ronald Reagan and Margaret Thatcher.<sup>13</sup> But it has also shaped wider views of society and the “philosophy” of politics in these countries — just think of Thatcher’s famous statement that “there is no such thing as society.” In the historical literature, it is common to refer to neoliberalism in this particular context and with those conceptions in mind. With regard to Germany, then, the standard scholarly judgment is that Chancellor Helmut Kohl and his Christian-Liberal coalition formed in 1982 flirted with neoliberal ideas for several years in the 1980s and implemented parts of its agenda — through attempts at fiscal consolidation or the now-notorious beginnings of commercial television.<sup>14</sup> Yet the Kohl administration eventually avoided a more

11 For an early assessment, see David Soskice, “Globalisierung und institutionelle Divergenz: Die USA und Deutschland im Vergleich,” *Geschichte und Gesellschaft* vol. 25 (1999): 201-225; also see Peter Hall and David Soskice, eds., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford: Oxford University Press 2001).

12 From an extensive literature, see Daniel Stedman Jones, *Masters of the Universe: Hayek, Friedman, and the Birth of Neoliberal Politics* (Princeton: Princeton University Press, 2012).

13 For a now classic account, see Paul Pierson, *Dis-mantling the Welfare State? Reagan, Thatcher, and the Politics of Retrenchment* (New York: Cambridge University Press, 1994).

14 For a characteristic narrative and judgement along those lines, see Edgar Wolfrum’s influential synthesis *Die geglättete Demokratie: Geschichte der Bundesrepublik Deutschland von ihren Anfängen bis zur Gegenwart* (Stuttgart: Klett-Cotta, 2006), 354-364; also: Andreas Wirsching, *Abschied vom Provisorium: Geschichte der Bundesrepublik Deutschland 1982-1990* (Stuttgart: DVA, 2006), 334-360; other standard accounts may be added.

radical pursuit of the neoliberal agenda in favor of continuity: there was no German “dismantling” of the welfare state, and likewise, fiscal consolidation quickly faded away in the rush to public spending after reunification in 1990.

In a wider, or rather, in a historically deeper sense, research in recent years has increasingly explored the intellectual origins of neoliberal economics and has drawn attention to the concerns of economists, sociologists, and philosophers long before the 1970s. From this perspective, the neoliberal impulse emerged as a response to the rise of the Keynesian paradigm in the 1930s and 1940s and acquired a much clearer profile in the grand political struggles of those times, confronting the American New Deal, Nazi Germany and the totalitarian challenge, and the economics of World War II. The founding of the Mont Pèlerin Society in 1947 is now often cited as a milestone, not least because it also contributed to the formation of international networks of neoliberal thinkers and propagandists. In his most recent book, historian Quinn Slobodian traces the roots of neoliberalism even further back, to the 1920s, that is, to the demise of empires after World War I and the search for order in a seemingly disorderly, and increasingly mass democratic, world.<sup>15</sup> In this pursuit, according to Slobodian, early neoliberals were anything but free-market radicals who despised regulation. Rather, they sought to impose order on nations by means of international organizations and global institutions and thus bequeathed a legacy of “order through governance” to later generations of neoliberals — a concept that toward the end of the twentieth century, one might argue, was taken up in continental Europe much more than in the Anglo-Saxon world.

At the same time, the notion of neoliberalism has been expanded far beyond the realm of political economy by leftist critics of the conservative and anti-Keynesian turn of the 1980s. In the discourse of the social sciences, in political and cultural theory — but less so in history — it increasingly became a labelling of the era, beyond its original restriction to the governments of Reagan and Thatcher. From the neo-Marxist perspective in particular, neoliberalism became the one systemic concept that described the current phase of capitalism. With regard to historical actors rather than the logic of systems, critics on the left associated it politically with the “neoliberal project,” a deliberate, even strategic effort to roll back the progressive achievements of the postwar decades. According to this view, the goal of the neoliberals was to break up the postwar consensus of strong welfare

15 Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge, Mass: Harvard University Press, 2018).

states and regulatory politics and, eventually, to control and even disempower the democratic people and re-establish elite control. This narrative has turned “neoliberalism” from a self-description or an analytical concept into a normative category with rather negative connotations. German historian Andreas Rödder has described this as the “pejorative infection” of the term in his *Short History of the Present*. Rejecting such associations, he insists on the narrower definition of neoliberalism as “market-oriented political economy.”<sup>16</sup>

Indeed, the question why the emerging grand narratives about the last four decades are cast as narratives of decline warrants a lecture of its own. Let us assume it is too simple to say: “Because, unfortunately, it was so!” It is too simple in terms of methodology because historians know too much about narratives of crisis and decline, their persistence against all indicators as well as the conjunctures with which they come and go. A story of decline is also too simple and one-dimensional empirically since evidence to the contrary, indicating progress and rise, abounds — especially from a leftist or liberal viewpoint that emphasizes the position of women in the family, workplace, and politics, or the rights of minorities. More than in the United States, the economic boom and expansion of the welfare state of the postwar decades in Western Europe — and especially in the Federal Republic — went along with the continuation of patterns of patriarchy, with the persistence of authoritarian mentalities and practices, and with the precarious legacy of “classic” forms of inequality and poverty that we should be careful not to overlook or, even less, to romanticize. In politics, the decades of presumable economic and social decline since 1973-74 are framed as decades of a retreat of democracy in the “post-democracy” narrative influentially suggested by Colin Crouch.<sup>17</sup> And yet, this period also witnessed the emergence of new styles of participatory and “movement” democracy in established democracies, while the “third wave” of twentieth-century democratization liberated parts of Southern Europe in the mid-1970s, then East Central Europe in the revolutions of 1989.<sup>18</sup>

The point is not to replace the story of decline with one of progress, but to hint at the complexities of the era and at the striking fact that it is often Leftists who overlook the huge advances on their own territory. Then again, the leftist switch from optimism to pessimism, from narratives of progress to narratives of decline, is itself a major cultural and intellectual hallmark of the era. Those complexities and apparent paradoxes are woven into the fabric of neoliberalism.

16 Andreas Rödder, *21.0: Eine kurze Geschichte der Gegenwart* (Munich: C.H. Beck, 2015), 54.

17 Colin Crouch, *Post-democracy* (Cambridge: Polity Press, 2005); German trans.: *Postdemokratie* (Frankfurt: Suhrkamp, 2008). For a critique of Crouch and an attempt at a more nuanced view, see Paul Nolte, *Was ist Demokratie? Geschichte und Gegenwart* (Munich: C.H. Beck, 2012), 467-473; Nolte, “Jenseits des Westens? Überlegungen zu einer Zeitgeschichte der Demokratie”, *Vierteljahrshefte für Zeitgeschichte* 62 (2014): 275-301.

18 Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman: University of Oklahoma Press, 1991).

Indeed, it would be unwise to jettison this concept. Rather, it is worthwhile trying to cure it of “the pejorative infection” and to realize its broad explanatory power as an analytical category. In a very general sense, then, neoliberalism refers to a massive push of individualization that struck Western societies beginning in the 1970s and to a fundamental reworking of ideas and institutions of order that emphasized competition in the market. This trend was associated, moreover, with political regimes that sought to establish and control cultures of the market and of the autonomous individual. In practice, there was much flexibility and national variation — after all, it is neoliberalism we are talking about — that allowed for the continuation of historical path-dependencies. The German case of non-radical and state-regulated neoliberalism is a prime example.

This understanding of neoliberalism is inspired by the history and theory of “governmentality” that the French philosopher and historian of ideas Michel Foucault put forward, at the dawn of the neoliberal era, in his lectures on the “Birth of Biopolitics.”<sup>19</sup> Incidentally, Foucault gave his last lecture in his Collège de France course on this topic on April 4, 1979, exactly a month before Margaret Thatcher moved into 10 Downing Street, and his prime reference point for the emergence of neoliberalism was not Milton Friedman, but the German tradition of *Ordoliberalismus* between the 1930s and the 1950s. In this way Foucault, the grand theorist of the prison and modern discipline, opened the door to a historical interpretation of neoliberalism that goes beyond the simplistic notion of market radicalism. Such an interpretation would encompass the ambivalent progress in individualization as well as patterns of governance, regulation, and control (of individuals as well as societies at large) that do not contradict but often dovetail with the paradigm of the market. Neoliberalism, thus understood, is not solely a project in disintegration and fracture, volatility, and social “unwinding.” It is also an attempt at control and integration and a pattern of social engineering,<sup>20</sup> even an attempt to shape historical time. Neoliberalism seeks to plan the future along the idea of an optimization of societies in history, as well as of individuals in their life-course.

### III. The welfare state, academic regimes, and green austerity: German neoliberalism as soft, governmental, and ecological

How, then, did Germany turn “neoliberal”? The broader understanding of neoliberal societies and cultures suggested in this paper

19 Michel Foucault, *The Birth of Biopolitics: Lectures at the Collège de France, 1978-1979* (New York: Palgrave Macmillan, 2008). The impact of Foucault’s thought in general, and his concept of “governmentality” in particular, has been much more pervasive in recent German historiography, compared to the U.S. — For Foucault’s reading of German *Ordoliberalismus*, see Jan-Otmar Hesse, “Der Staat unter der Aufsicht des Marktes” — Michel Foucaults Lektüren des Ordoliberalismus”, in: Susanne Krasmann and Michael Volkmer (eds.), *Michel Foucaults “Geschichte der Gouvernementalität” in den Sozialwissenschaften: Internationale Beiträge* (Bielefeld: transcript, 2007), 213-237.

20 The notion of “social engineering” has played a major role in recent attempts at understanding continuities in German (and European) history throughout the 20<sup>th</sup> century, especially across regime changes and as an underlying pattern of both dictatorial and liberal-democratic regimes. See, e.g., Thomas Etzemüller (ed.), *Die Ordnung der Moderne: Social Engineering im 20. Jahrhundert* (Bielefeld: transcript, 2009); more recently, following Foucault: Hannah Ahlheim (ed.), *Gewalt, Zurichtung, Befreiung? Individuelle “Ausnahmezustände” im 20. Jahrhundert* (Göttingen: Wallstein, 2017).

certainly goes beyond political efforts directed at privatization and deregulation, strengthening market mechanisms and principles of competitive individualism. Yet politics did play a central role in implementing a new pattern of political economy and the welfare state and recalibrating the institutional order of state and society in Germany. A brief look at three policy fields that can be considered typical of the German variety of transformation since the early 1980s may be helpful. They may be seen as typical not only in the themes addressed, but also in the ways in which they have been pursued, in their policy approaches, and in the types of solutions they presented.

As in most other Western countries, limiting the welfare state was a key impulse in the emergence of neoliberal politics in Germany. With the economic recession that had started after the first oil crisis of 1973-74 and deepened in the wake of the second oil crisis of 1979, not least with a massive surge in unemployment, it became clear to many, even on the center-left, especially the pragmatic wing of the German SPD associated with Chancellor Helmut Schmidt, that the era of massive expansion in social security measures and welfare expenditures was over. Welfare and budget issues had already loomed large in the fall of Schmidt's predecessor Willy Brandt in 1974, and they took center stage in the crisis and eventual breakup of the SPD-FDP coalition in the fall of 1982. In September 1982 FDP politician Otto Graf Lambsdorff, Federal Minister of Economics since 1977 and dubbed the "market count" for his emphatically liberal convictions, presented a paper to Chancellor Schmidt that became the notorious "letter of divorce" for the center-left government. Under the conservative-liberal coalition led by Chancellor Helmut Kohl (which included Lambsdorff in the same office for two more years), West Germany seemed to follow the sea change of its major Western allies, the United States and the United Kingdom (not, however, Mitterrand's socialist France).

And judging by the general direction not only of government policy, but also of culture and *Zeitgeist*, it certainly did. The first years of the Kohl government in particular saw a broad spectrum of deregulation measures and the privatization of state-owned enterprises, as well as efforts at fiscal consolidation, especially by curbing social welfare expenditures.<sup>21</sup> The attack on the postwar Keynesian order soon proved to be rather limited, however. Despite some significant quarrels between the Kohl government and the trade unions, the Federal Republic's brand of *Sozialpartnerschaft* (social partnership) remained intact. The same was true of the *Sozialstaat*, the German variant of the

21 Thomas Handschuhmacher, "Was soll und kann der Staat noch leisten?" *Eine politische Geschichte der Privatisierung in der Bundesrepublik 1949-1989* (Göttingen: Vandenhoeck & Ruprecht, 2018).

welfare state, both in its major principles (many of which dated back to the social insurance programs of the Bismarck era) and in volume and extent. Many of the important CDU and CSU policy makers in the realm of social policy in the 1980s and 1990s, notably long-time minister for social affairs Norbert Blüm, emerged as fierce opponents of more radical cutbacks and of neoliberal measures in the spirit of Thatcher and Reagan.<sup>22</sup>

The more significant reorganization of the German welfare state came only in the 2000s, and it came under the leftist auspices of Gerhard Schröder's Red-Green coalition. The so-called Hartz legislation (after Peter Hartz, a VW manager and influential advisor to the chancellor) brought about a major reorganization of unemployment benefits and welfare subsidies for the poor, essentially merging the two in a new system of welfare benefits colloquially called *Hartz IV*. While the material losses for the long-term unemployed were substantial, changes in the patterns of discourse on welfare, state, and society proved to be at least as important. The argumentative core of neoliberalism in social policies moved from the fiscal to the cultural arena, that is, from the need to balance budgets to the mobilization of individuals who were supposed to take more responsibility for their own lives, materially and beyond.<sup>23</sup>

What can be learned from this first example of neoliberal policies in the Federal Republic, both before and after reunification? Neoliberal discourse and politics did not remain limited to the “high noon” of Western neoliberal conservatism in the 1980s, but pervaded an era of several decades, well into the twenty-first century. Varieties of the neoliberal agenda were pushed not only by right-leaning, but also by left-leaning governments, especially since the 1990s, when Bill Clinton and Tony Blair turned out to be role models and allies for Schröder, much more so, in fact, than Reagan and Thatcher had been for Kohl. Over time, the regulation of society and the “responsibilization” (*Responsibilisierung*) of individuals replaced the primacy of economics in the welfare agenda. Overall, however, continuity remained a hallmark of the German trajectory, and small, gentle steps were more common than radical measures.

Education and universities are a second policy field that deserves particular attention when trying to understand the German variety of neoliberalism. Since the nineteenth century, Germany had proudly described itself as the *Land der Dichter und Denker* (land of poets and thinkers) and without a doubt, by the eve of the First World War, it

22 See Marc Buggeln, “Gab es eine neoliberale Wende in der Steuerpolitik? Der Umgang von FDP und CDU/CSU mit den öffentlichen Finanzen in den 1970er und 1980er Jahren, in: Frank Bösch, et al., eds., *Grenzen des Neoliberalismus: Der Wandel des Liberalismus im späten 20. Jahrhundert* (Wiesbaden: Steiner, 2018), 179-212.

23 In historiography, this is mostly uncharted territory. For an impressive attempt at synthesis and explanation, see Edgar Wolfrum, *Rot-Grün an der Macht: Deutschland 1998-2005* (Munich: C.H. Beck, 2013).

had established one of the most successful systems of primary and secondary education as well as some of the world's leading universities and research institutions. Nazi rule left the German academia severely weakened, and by the 1990s the crisis of the German universities had become so notorious that the sharp-tongued SPD theorist Peter Glotz called them “rotten at their core” (*im Kern verrottet*).<sup>24</sup> In line with market discourse, Germany's problems in education and research were diagnosed as a problem of international competitiveness, which contributed to the competitive disadvantages of *Standort Deutschland* (Germany as a location for doing business) — as if the country as a whole was to be judged by its attractiveness as a place to do business. The publication of the OECD's first comparative student assessment study in 2001 caused the Federal Republic's now famous “PISA shock.”

Significantly, the political reaction to problems in schools and universities was not designed to unleash market forces in order to generate more competition and private initiative in educational institutions. While non-public secondary schools became increasingly attractive in the 1990s, especially in East Germany, and, starting in the late 1990s, smaller private universities were being founded at an astonishing rate,<sup>25</sup> the state never lost control or quickly regained the initiative. In the case of the universities, in the 2000s the state established a new system of competition sponsored and funded by the government. In keeping with the tradition established under the Kaiserreich and the Weimar Republic, the Federal Republic's constitution of 1949, the *Grundgesetz*, made culture and education the prerogative of the states (*Länder*). Half a century later, the neoliberal response to crisis was not to increase competition between the states (or possibly, additional private actors), but rather, to strengthen the powers of the national government and to enforce additional regimes of regulation in education and academia. Since 2005, the “Excellence Initiative” (*Exzellenzinitiative*) has significantly transformed German universities by distributing billions of tax euros in additional funding through a competitive system largely master-minded by the federal government. One little-noted effect of this measure has been that private universities, which were too small to effectively compete in this game, were pushed to the margins before they could even begin to pose a serious challenge to the established public institutions.

Even though the Excellence Initiative, as has often been noted, inaugurated a new political economy, a system of “academic capitalism” in German universities, it did not open them up, as a traditional

<sup>24</sup> Peter Glotz, *Im Kern verrottet? Fünf vor zwölf an Deutschlands Universitäten* (Stuttgart: DVA, 1996).

<sup>25</sup> The years around 2000 did indeed see a blossoming of private (or semi-private) institutions of higher learning in Germany, with the founding of such schools as the International University in Bremen, the Zeppelin University in Friedrichshafen, the Hertie School of Governance in Berlin, Bucerius Law School in Hamburg, and many others. The history of those initiatives in the context of the Federal Republic's “neoliberal moment” still has to be written, and in many ways, it is a transnational and transatlantic history. In exemplary fashion, see Raymond O. Wells, ed., *The Founding of International University Bremen: Perspectives for the Twenty-First Century*, Bremen, 2006.

26 Richard Münch, *Akademischer Kapitalismus: Über die politische Ökonomie der Hochschulreform* (Berlin: Suhrkamp, 2011); Münch, *Die akademische Elite: Zur sozialen Konstruktion wissenschaftlicher Exzellenz* (Frankfurt: Suhrkamp, 2007, 3rd. ed. 2017); Stephan Leibfried, ed., *Die Exzellenzinitiative: Zwischenbilanz und Perspektiven* (Frankfurt: Campus, 2010); Jürgen Kaube, ed., *Die Illusion der Exzellenz: Lebenslügen der Wissenschaftspolitik* (Frankfurt: Wagenbach, 2009); in comparative perspective: Ulrich Schreiterer, "Deutsche Wissenschaftspolitik im internationalen Kontext", in: Dagmar Simon, et al., eds., *Handbuch Wissenschaftspolitik* (Wiesbaden: Springer VS, 2016), 119-138.

27 This, in turn, is linked to a wider pattern of neoliberal quantification, or obsession with numbers. See Oliver Schlaudt, *Die politischen Zahlen. Über Quantifizierung im Neoliberalismus* (Frankfurt: Klostermann, 2018).

28 See Frank Bösch, „Krisenkinder: Neoliberale, die Grünen und der Wandel des Politischen in den 1970er und 1980er Jahren“, in: Bösch, et al., eds., *Grenzen des Neoliberalismus*, 39-60.

29 Dierk Hoffmann, "Wirtschaftsliberalismus bei den Grünen? Von der Kapitalismuskritik der Gründungsphase bis zur Riester-Rente", in: Bösch, et al., eds., *Grenzen des Neoliberalismus*, 121-148. For a historiographical account of the economic and cultural patterns of public debt in the Federal Republic in the high times of Keynesianism, see Hans-Peter Ullmann, *Das Abgleiten in den Schuldenstaat: Öffentliche Finanzen in der Bundesrepublik von den sechziger bis zu den achtziger Jahren* (Göttingen: Vandenhoeck & Ruprecht, 2017).

understanding of neoliberalism would lead one to expect, to the private sector and the mechanisms of a market economy proper.<sup>26</sup> Instead, this variety of neoliberalism emphasized the creation of hierarchies in what had been a highly egalitarian system (hierarchies both within and among universities), the formation of new elites, and the exertion of government control, including through para-governmental institutions such as the Deutsche Forschungsgemeinschaft (DFG, the German equivalent of the National Science Foundation and the National Endowment for the Humanities). Again, as in the field of social welfare policy, this entailed a new regulation of individual behavior, in this case, the regulation of the preferences of professors and researchers according to monetarized standards of scholarly success and reputation.<sup>27</sup> German neoliberalism may come in a "soft" variety, but it has nonetheless been shaped by a new determination on the part of the centralized state to exert control by new modes of governance and "governmentality."

Finally, there is a third example to consider that touches less on a specific policy field than on an approach or attitude that has been manifest in German political, social, and cultural life during the past four decades. One of the most striking peculiarities of Germany since the early 1980s is the political strength of the environmental movement and the singular success of the Green Party. Why this German *Sonderweg* (special path) in the recent history of political parties? This question would have to be explored in greater depth elsewhere; suffice it to say that the country's Nazi past is very likely among the reasons for it. Not enough thought has been given to the parallel ascendancy of neoliberalism, the memory boom and the Germans' new confrontation with the Nazi past, and the ecological crisis, including the paradigm of sustainability since the 1980s.<sup>28</sup>

In the so-called *Realo*, or pragmatic, wing of the Green Party, the notions of sustainability and responsibility vis-à-vis "the future" and the coming generations increasingly began to include political economy and fiscal policies. Running counter to the persistent Keynesian attitude on the traditional German Left (as in the party *Die Linke*), Green politicians since the 1990s have emerged as staunch advocates of fiscal austerity.<sup>29</sup> They argued that deficit spending means burdening future generations with our debts, while depriving them of the opportunity of living off unearned public money as we have. In line with European Union budget guidelines and debt limits, in 2009 Germany amended article 103 of the *Grundgesetz* to mandate balanced government budgets. This measure enjoyed wide support

across the political spectrum: aside from more radical or traditional leftists, everyone from conservatives and liberals to Greens and moderate Social Democrats embraced the goal of balanced budgets. The controversy over the pros and cons of public debt and spending continues to divide American and European (and in particular, German) economists, politicians, and publics. It is still not fully understood in the United States that German strict fiscal restraint and *Angst* over debt is not purely an economic matter but is part of a larger cultural pattern shaped by the notion of sustainability.

Hence, it would be wrong to associate neoliberalism, at least in its German and other continental European varieties, with short-termism. To be sure, market behavior may put a premium on short-term decisions, on the contingency of results, and the responsibility of actors in the present to make the best of their lives and circumstances. But insofar as neoliberalism includes patterns of governmental control and regulation with the objective of making responsible lives possible, it has developed a firm horizon that takes the future into account, and not in terms of years but of decades. Leading a free and responsible life in this scenario demands a consideration of the costs of our lifestyles measured in terms of their impact on both the environment and future generations. The regulatory approach of neoliberalism, in conjunction with the reigning environmental paradigm, has revived the idea of long-term planning for the future, which had been all but abandoned with the collapse of modernist and progressive optimism in the 1970s. Moreover, the consideration of environmental impacts has pushed neoliberal monetarization to new levels in the minute calculations of each and every aspect of one's life, including bodily and metabolic processes, as in the idea of the individual's "ecological footprint."

#### **IV. The moment of 1989, neoliberal Europe, and German path-dependency**

Far beyond economic theory and market-oriented policies, neoliberalism in its social and psychological facets has deeply penetrated the web of modern societies and has developed into a "moral economy"<sup>30</sup> in the everyday regulation, and self-regulation, of individual behavior. In this broader sense, the cultural pattern of neoliberalism extends beyond its national varieties. At the same time, the different forms that neoliberal regimes have taken in the late twentieth and early twenty-first centuries are closely linked to the historical trajectories of individual nations, states, or other systems of governance such as, in particular,

30 E.P.Thompson, "The Moral Economy of the English Crowd in the Eighteenth Century", *Past & Present* 50 (1971): 76-136. See Ulrich Bröckling, et al., eds., *Gouvernementalität der Gegenwart: Studien zur Ökonomisierung des Sozialen* (Frankfurt: Suhrkamp, 2000).

the European Union. In recent German history, the breakdown of the state-socialist GDR and the political economy of reunification reinforced the dynamics of neoliberalization exactly at the moment when it seemed to have lost its original early-1980s momentum.

The challenge of economic and social reconstruction in East Germany gave neoliberalism a second life: economically, with the clear primacy of the logic of the market and the privatization of industries as well as socially, by summoning East Germans to conduct their lives in accordance with a new post-collective self-responsibility. Indeed, it may be argued that the transformation of East Germany and East Central Europe after communism elevated the neoliberal agenda to a new level, beyond its classical economic and fiscal concerns. The West applied its new order to the East, and from there it came back with a vengeance in the late 1990s, when West Germans started to discover that they, too, needed to go one step further. Federal President Roman Herzog captured this moment in April 1997 in his Berlin speech now famous as the “Ruck-Rede”: With the immediate job of economic reconstruction completed in the former GDR, Herzog declared, it was time the country as a whole and each individual understood that German economic institutions and German ways of thinking had to become more flexible if Germany were to remain competitive in a global future.

On a wider European level, the establishment of a new order of democracy and market liberalism in post-communist nations such as Poland, Hungary and the Czech Republic coincided with a new phase and type of neoliberal governance in the European Union.<sup>31</sup> To be sure, European integration since the 1950s had always centrally been about abolishing tariffs, national protective legislation, and other limits to free markets. At the turn of the century, however, EU governance increasingly merged the free market agenda with regulatory efforts that, in the name of fostering equal access to markets and ensuring fair competition, established a neoliberal market technocracy: a type of governmental neoliberalism that closely corresponded to the measures engaged in Germany under Gerhard Schröder. It seemed no longer sufficient to give private actors leeway on the market and certainly not by way of reining in the state and bureaucracy.<sup>32</sup>

Rather, political governance entered the arena with the intention of mobilizing actors for markets, even — again, much as in the German case — for pseudo-markets as in the competition for the European Commission’s research grants. The Lisbon strategy in 2000 likewise

31 For a superb account of the neoliberal transformation in postcommunist Central and Eastern Europe, see Philipp Ther, *Die neue Ordnung auf dem alten Kontinent: Eine Geschichte des neoliberalen Europa* (Berlin: Suhrkamp, 2014). Jan Zielonka, *Counter-Revolution: Liberal Europe in Retreat* (Oxford: Oxford University Press, 2018) now offers a subtle analysis of recent political repercussions.

32 An excellent new account is offered by Kiran Klaus Patel, *Projekt Europa: Eine kritische Geschichte* (Munich: C.H. Beck, 2017). See also Rödder, 21.0, 112–113.

abandoned the classical liberal idea that the preferences of individual market actors, be they entrepreneurs or consumers, would decide Europe's position in the globalized world of the twenty-first century. Instead, the European Union would have to emerge as "the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion" by 2010. In a transatlantic perspective, the European turn to governmental neoliberalism contributed to the divergence of European and U.S. models of politics and society. Given American skepticism toward this kind of regulation, it added up to a rift that was already widening with the growing homogenization of European societies and economies.

What, then, do we make of the neoliberal era that began in the 1970s? What do we make of the four decades that have seen neoliberalism repeatedly change shape like an amoeba and continuously adapt to new circumstances and new spaces? From the historian's point of view, it is a huge advantage that the notion of neoliberalism provides a broad roof under which politics and economy, society and culture of the past forty years may be understood, for the Western world as a whole, including North America and Europe, as well as for the European Union or the recent history of individual nations such as Germany, with their own and sometimes quite distinct neoliberal varieties. For Germany in particular, the understanding of neoliberalism suggested here emphasizes continuity and path-dependency across the "structural break" (*Strukturbruch*) of the 1970s that has emerged so prominently in recent historiography of the era.

The German variety of "soft" and "governmental" neoliberalism may then be seen as a re-interpretation, under changed circumstances, of the German ideas of *Ordoliberalismus* and *Soziale Marktwirtschaft* (social market economy) that were developed in the 1930s and 1940s, and institutionalized in the early years of the Federal Republic. Since recent research may have exaggerated the caesura of the 1970s, the framework of neoliberalism not only provides an understanding of the recent era beyond the widespread usage of "post-words," but also points to an understanding of historical origins and continuities. Neoliberalism, then, is not some alien project that represented a betrayal of original and trustworthy traditions and institutions, be it in Germany or elsewhere. The central motifs of governance and control, planning and sustainability even make it worth considering the possibility that the age of high modernity did not end with the disruptions of the 1970s and might indeed not be over yet.

## V. Between liberal rights and populism: The ambivalent legacy of neoliberalism

This brief sketch has probably raised more questions than it has answered. Among those questions are issues that are not only, or not even primarily, of interest to professional historians but to all citizens of the neoliberal age. One of them concerns the relationship between a neoliberal political economy and the advances of liberal rights in Western societies. Have the rights of women and minorities been achieved despite the neoliberal agenda and against its conservative mindset? Or have the two been friends rather than foes? In other words, is there a nexus between neoliberalism and the progressive liberalization of society? And if so, perhaps more so in the Euro-German varieties of neoliberalism than in the United States? After all, individuals have been set free from restraints, for better or worse, and neoliberal political economy has eroded traditional and patriarchal notions of inequality by mobilizing women for the workforce. Have citizens of the Western world been set free, or have they instead been incarcerated in the invisible coercion to self-optimize? These are some of the issues raised in the Leftist critique of “progressive neoliberalism” by American political theorist Nancy Fraser and others.<sup>33</sup>

Another question of obvious importance concerns the political consequences of the neoliberal era.<sup>34</sup> The rise of populism and the current crisis of democracy are often linked to neoliberal regimes. In the classical understanding of that term, the shift from public to private, from state to market has produced democracies that seek to conform to markets rather than to the will of the people. In the broader sense of neoliberal regimes in culture and society, new patterns of technocratic governance have exerted the same effect and alienated democratic constituencies for a second time. For Colin Crouch, the origins of “post-democracy” are to be found, not accidentally, in the great shift of the 1970s, with the transition from boom to recession, and from Keynesian to neoliberal political economies. Then again, there is a danger of romanticizing society and democracy during the *trente glorieuses*; we should not forget the hierarchy and patriarchy of Western societies before the 1970s and the conventional forms of participation before the rise of the “strong democracy” fostered by movements and minorities.<sup>35</sup> Or maybe neoliberalism contributed to the possibility of highly individualized modes of politics that most of us cherish, but that often are rejected by voters who, paradoxically, long for Colin Crouch’s good old times before the great rupture of the

33 Nancy Fraser, “Vom Regen des progressive Neoliberalismus in die Traufe des reaktionären Populismus”, in: Heinrich Geiselberger, ed., *Die große Regression: Eine internationale Debatte über die geistige Situation der Zeit* (Berlin: Suhrkamp, 2017), 77-91.

34 This is often framed in a narrative of a secret neoliberal strategy, sometimes bordering conspiracy theories, especially in the perspective of the American academic Left. See Wendy Brown, *Undoing the Demos: Neoliberalism’s Stealth Revolution* (Cambridge, Mass.: MIT Press, 2015); German trans.: *Die schleichende Revolution: Wie der Neoliberalismus die Demokratie zerstört* (Berlin: Suhrkamp, 2018); Nancy MacLean, *Democracy in Chains: The Deep History of the Radical Right’s Stealth Plan for America* (London: Scribe, 2017). On the other hand, as a network of translations demonstrates, this has very much become a transatlantic discourse itself.

35 Benjamin R. Barber, *Strong Democracy: Participatory Politics for a New Age* (Berkeley: University of California Press, 1984, 20th anniversary ed. 2003). The persistence of traditional patterns in society and political culture in (West) German history after 1945, not just from the Nazi era, but even back to the Wilhelmine Kaiserreich, emerged as a powerful narrative in German *Zeitgeschichte* from the 1990s. See Ulrich Herbert (ed.), *Wandlungsprozesse in Westdeutschland. Belastung, Integration, Liberalisierung 1945-1980* (Göttingen: Wallstein, 2002).

1970s? We should also note that the “will of the people,” allegedly subdued by neoliberal regimes, often appears as a populist *déjà-vu* of Jean-Jacques Rousseau’s “volonté générale,” and hence, as Jan-Werner Müller, among others, has forcefully argued, as anti-pluralist and, ultimately, anti-democratic itself.<sup>36</sup>

Finally, there is the perennial question of transatlantic bonds and divisions. Are we under the same rule of neoliberalism and enjoying its chances for liberation together? Or has neoliberalism in its highly specific trajectories and varieties contributed to the great transatlantic divergence that very clearly is not simply a result of the last presidential elections in America? While Daniel Rodgers’s *Age of Fracture* has set a tone for the debate in the United States, in Germany just recently a brief essay by Thomas Bauer has received widespread attention: *Die Vereindeutigung der Welt: Über den Verlust an Mehrdeutigkeit und Vielfalt* (roughly translated: Making the World Unambiguous: On the Loss of Ambiguity and Plurality).<sup>37</sup> What do we make of this? Maybe the contradictory diagnoses correlate with a significant divergence between America and Germany: neoliberalism as fracture versus neoliberalism as hyper-integration. And yet, this would still amount to different accents in a broader, overarching pattern of recent transatlantic history. Neoliberalism is about ambiguity and unambiguity, about freedom and control, about release and capture at the same time. We should not accept a diagnosis of our times, or a historical narrative of the past four decades, that is simpler than that.

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36 Jan-Werner Müller, *Was ist Populismus? Ein Essay* (Berlin: Suhrkamp, 2016); English trans: *What is Populism?* (London: Penguin, 2017).

37 Thomas Bauer, *Die Vereindeutigung der Welt: Über den Verlust an Mehrdeutigkeit und Vielfalt* (Stuttgart: Reclam, 2018).

