

# A Critique of ‘Neoliberal Autonomy’: The Rhetoric of Ownership Society

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**Abstract** The rhetoric of the Ownership Society defined by the Cato Institute has been integral to framing the motivation behind the Social Security reform introduced by George W. Bush. This motivational frame involves a fierce advocacy of what we will call ‘neoliberal autonomy’ in a Hayekian and Friedmanite sense. For Hayek and Friedman, the social adequacy component of Social Security is problematized in the name of self-reliance and individual choice, which rejects any authoritative standards as morally indefensible. Nevertheless, the rhetoric of the Ownership Society, though it glorifies the neoliberal notion of autonomy, does not explicitly question the moral basis of Social Security. Rather, by defining the terms of debate, it frames the meaning of Social Security along neoliberal lines in an attempt to make a supposedly detached economic case for private retirement accounts. In this ‘pro-privatization’ framework, the social adequacy component of the Social Security system fades away as individual equity, or actuarial fairness, comes to the fore as the chief theme. We suggest a ‘pro-social’ rhetoric that recognizes the pursuit of social standards as providing the element of autonomy.

**Keywords** Ownership Society · Neoliberal(ism) · Autonomy · Social Security privatization

## Introduction

The present study is a critical inquiry into what we will call ‘neoliberal autonomy’ in an attempt to outline an inherently pro-Social Security discourse, namely, ‘pro-social’ rhetoric. The first section of the paper is devoted to an outline of the nature of

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autonomy as formulated by two neoliberal economists, Friedrich Hayek and Milton Friedman. The second section introduces the rhetoric of the Ownership Society and its neoliberal inclinations. In the third section, we will show how Social Security is perceived within Ownership Society. Lastly, we will outline the elements of pro-social rhetoric.

## Hayek and Friedman on Social Security

Hodgson (2005) sees the central tenet of neoliberalism as the emphasis on individuals as the best judges of their own economic interests, whose pursuit is most effectively accomplished through a market system involving private ownership. We will consider Hayek and Friedman as fierce advocates for this ‘market individualist vision.’ As will see, the rhetoric of Ownership Society, integral to framing the motivation behind private retirement accounts, draws on the neoliberal notion of autonomy as formulated along Hayekian and Friedmanite lines.

In this section, we present the meaning of Social Security as it is stated in neoliberal terms. This practice seems fruitful in two respects: (1) it allows us to clearly understand the nature of neoliberal autonomy, and (2) it indicates how this notion of autonomy could become central to pro-privatization rhetoric like that utilized in the rhetoric of Ownership Society.

Both Hayek and Friedman problematize moral, and legal, rights to Social Security transfers through the invocation of ‘individual autonomy.’ In Chapter 19 of *The Constitution of Liberty*, Hayek’s main problematic involves the moral unjustifiability of Social Security transfers. He recognizes the fact that the key difference that separates provision of insurance such as Social Security by the state from private provision of insurance is the state’s ability to thereby achieve a “uniform social standard” (Hayek 1978: 288). In achieving uniformity of this kind, however, Social Security tends to weaken the link between effort, or payroll taxes, and reward, or benefit payments, with its redistributive scheme, one that involves coercion of individuals to achieve a socially acceptable financial security or, as Hayek calls it, a “just position” for all.

When pensions are due, they are not paid out the yield of an additional capital accumulated for the purpose and therefore out of additional income due to the efforts of the beneficiary, but are a transfer of part of the fruits of the work of those currently producing (Hayek 1978: 295–296).

Hayek distinguishes clearly between two primary types of demand justifications for income security: (1) a demand to prevent destitution, and (2) a demand for “a just (...) remuneration commensurate (...) not with the objective results of man’s efforts” (Hayek 1994: 135). Social Security could be considered an example of the latter. Hayek believes that the second demand justification is never reconcilable with the ideal of individual autonomy – individual autonomy that can only be achieved once market process is allowed to determine the reward.

In his response to British Labor Party’s (1957) conception of ‘adequate pension’ as “the right to go on living same in the same neighborhood, to enjoy the same hobbies and to be able to mix with the same circle of friends,” Hayek (1978: 297) rejects such social standard on the grounds that it will prevent individuals from

learning the lesson of self-reliance and create a culture of dependency making them exclusively dependent on government support. When suggesting the replacement of Social Security – the whole welfare state apparatus for that matter – with a provision of “an assured minimum to all persons in need (...) without destroying their character, their independence, or their incentive to better their own conditions” Friedman (1972: 23) makes a similar argument.

To Friedman, Social Security consists basically of “the requirement that a wide class of persons must purchase specified annuities, i.e., compulsory provision for old age (...) from the government” (Friedman 2002: 183) provided that its redistributive element is omitted. Redistribution arises whenever the “value of annuities to which people are entitled when they enter the system is not equal to the taxes” (Friedman 2002: 183) they pay. This gives rise to a tenuous relationship between individual contributions – that is, payroll taxes – and benefits received, which is for him its main problematic. Friedman argues that Social Security as an inter-generational contract cannot morally justify redistribution because

(...) morality is (...) an individual matter (...) not the responsibility of one class (the present generation) to another class (the earlier generation) (...) Hopefully, we can transmit a tradition of moral responsibility to our children. If we succeed, we need not try to impose a legal responsibility on them. If we fail, we shall not be able to impose legal responsibility on them (...) should we not minimize rather than enlarge such compacts between generations? (Friedman 1972: 39–40)

If this argument is taken to its natural conclusion, Social Security appears the legal imposition of moral responsibility on individuals regardless of whether they embrace the values that give rise to that responsibility or not. For him, morality is an individual matter in the sense that individuals are the ones who decide to “give of their free will of their substance to assist elderly (and others in need)” (p. 39). Like Hayek, Friedman also believes that a pursuit of a social standard by the state should be rejected as justification for the state’s involvement in the individual decision-making processes. Once the latter argument is taken for granted, we are left with a single justification for compelling individuals to use their own money to purchase annuities from the government to provide for their old age: a strict paternalism.

“We” know better than “they” that it is in their own good to provide for their old age to a greater extent than they would do voluntarily; we cannot persuade them individually; but we can persuade 51 per cent or more to compel all to do what is in their own good. Basically, he (a paternalist) believes in dictatorship, benevolent and maybe majoritarian, but dictatorship none the less (...) Those of us who believe in freedom must believe also in the freedom of individuals to make their own mistakes. If a man knowingly prefers to live for today, to use his resources for current enjoyment, deliberately choosing a penurious old age, by what right do we prevent him from doing so? (Friedman 2002: 187–188).

Neoliberal autonomy seems to stand on the advocacy of freedom of individuals to make their own decisions no matter how mistaken they could be, the rejection of the culture of dependency or the glorification of self-reliance.

## Ownership Society and Neoliberal Autonomy

The idea of an ‘ownership society’ seems to have been introduced first by George W. Bush in 2003 during his campaign for the upcoming presidential election<sup>1</sup>. He later seems to reach out his message to the public when he offers US citizens “a vital stake in the future of our country” (Bush 2004) by extending personal ownership to a variety of domains. The option of managing one’s own retirement – or a partial privatization of Social Security – appears to be one of the policies through which a society of owners could be promoted. The rhetoric of Ownership Society has expectedly become the centerpiece of, what Snow and Benford (1988) call, “the motivational frame” behind the reform of Social Security through private savings accounts: “Ownership, access to wealth and independence, should not be the privilege of the few. They are the hope of every American, and we must make them the foundation of Social Security” (Bush 2001).

Cato Institute’s definition attempts to give the term ‘ownership society’ a coherent philosophical content to make explicit what President Bush really means by the term:

President Bush says he wants America to be an “ownership society.” What does that mean? People have known for a long time that individuals take better care of things they own. Aristotle wrote, “What belongs in common to the most people is accorded the least care: they take thought for their own things above all, and less about things common, or only so much as falls to each individually (...) An ownership society values responsibility, liberty, and property. Individuals are empowered by freeing them from dependence on government handouts and making them owners instead, in control of their own lives and destinies. In ownership society (...) workers control their retirement savings. (Boaz 2006)

Individual ownership is depicted by Cato Institute as the road to greater autonomy. A similar appeal to the ideal of autonomy, and emphasis on its relation to individual ownership are made by the Bush administration:

We will widen the ownership of homes and businesses, retirement savings and health insurance (...) preparing our people for the challenges of life in a free society (...) by making every citizen an agent of his or her own destiny (Bush 2005a).

One of the great goals of our administration is to help more Americans find the opportunity to own a home, a small business, a health care plan, or a retirement plan. In all of these areas, ownership is a path to greater opportunity, more freedom, and more control over your own life (Cheney 2005).

<sup>1</sup> The term ‘ownership society’ can be traced back to an article written by Richard W. Stevenson and published in the *New York Times* on August 30 (Stevenson 2003) with the title “As ’04 nears, Bush campaign works on theme.” Stevenson there refers to President Bush’s remark at a St. Paul fund-raiser on August 26: “... we understand when America and American own something, he or she has a vital stake in the future of our country.”

Unlike Hayekian and Friedmanite notions of autonomy, the rhetoric of Ownership Society glorifies the neoliberal notion of autonomy but does not explicitly question the moral basis of Social Security. On the contrary, the reform proposal introduces Social Security as 'moral success' whose purposes will be honored. In an attempt to make a detached economic case for private retirement accounts, it frames the Social Security reform debate in terms whose meanings move along neoliberal lines.

### **Framing Social Security Privatization**

Fairclough (2002: 121) defines discourses as "diverse representations of social life which are inherently positioned" and Samuels (1992: 18–19) argues that

(...) discursive creations are the object not only of inquiry but of *manipulation*: control of language and of knowledge-belief is control of definition of reality and thereby of policy and thereby, further, of the social (re)construction of this produced reality. (Original emphasis)

From this perspective, one could argue that the rhetoric of Ownership Society is instrumental in controlling the terms of the reform debate to make a case for the transformation of Social Security. The ideal expressed by the rhetoric of Ownership Society – an attempt to advance the cause of individual autonomy in the neoliberal sense – presents itself discursively as a project in the spirit of the system. However, its materialization would amount to partial abolishment of Social Security. As Béland puts it, "... the issue of Social Security privatization has been framed as an attempt to 'save Social Security' while transforming its very nature" (Béland 2005: 186)<sup>2</sup>.

Specifically, the rhetoric of individual ownership outlined above (1) identifies Social Security, as mentioned above, with "IOUs in a file cabinet," which represents a bad stewardship of people's money, (2) characterizes individuals as rational investors, or working capitalists, who are capable of investing their own payroll taxes in a more prudent way than the government, and (3) presents privatization as a better financial deal for all regardless of their social and economic status. As explicit in Bush's following remarks, this framing strategy reduces Social Security to a form of financial investment comparable easily to a commercially available alternatives:

(...) there's a 401(k) culture in America – in other words, more and more people are investing their own money. They know what it's like. Why don't we extend this concept to make it available for younger workers, if they choose to do so (...) We'll give you an opportunity to make sure you get a better deal out of the Social Security system (Bush 2005e).

According to this view, the existence of Social Security – lower rate of returns or bad investments – has been justified so far on the basis of financial illiteracy among

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<sup>2</sup> For instance, the claim that "strengthening Social Security through personal accounts can add valuable protections for widows, divorced persons, low-income households, and other Americans at risk of poverty in old age" (Presidents' Commission quoted by Béland 2005: 180) gives the impression that the proposed reform does not violate the logic of the system, but rather is in full accord with it.

the American people. However, an emerging “401(k) culture in America” now indicates that this justification has lost part of its appeal. Moreover, financial illiteracy should not be an excuse to “run away from ownership. We ought to provide the means to encourage ownership” (Bush 2005d) not to limit the investor class to just a few people. Private retirement accounts promise to give individuals more control over their financial future and allow them to partake in the benefits of investing in the financial markets. This is what the Bush’s “vital stake” remark refers to. From this perspective, income security at retirement should be considered a matter of personal financial investment while the government relinquishes the responsibility of ensuring workers’ economic security in their old age. As Soederberg perfectly sums up:

The rhetoric of Ownership Society is aimed at encouraging workers to become more proactive and to create individually the conditions for their own security by learning to embrace the rationality of the marketplace (Soederberg 2007: 96).

Greater personal autonomy is secured through internalization of individual responsibility once individuals are allowed to “to reap the benefits of their own successes and pay a price for their failures” (Surowiecki 2004) with their investments.

### Social Adequacy, Autonomy and “Pro-social” Rhetoric

This section criticizes the monopoly enjoyed by neoliberalism over the notion of autonomy in the reform debate. In doing so, we introduce the elements of what we will call ‘pro-social’ rhetoric.

Following The American Academy of Actuaries (2004), Social Security could be considered, for the reasons summarized on Table 1, to represent a balance between social adequacy and individual equity where pure individual equity and pure social adequacy represent the two poles on a continuum of possible (insurance) program designs.

Private-retirement accounts, then, “would represent an attack against redistribution and the so-called social adequacy component of the program that has existed since the New Deal” (Béland 2005: 169). Alternatively put, this individual account

**Table 1** Social Security as balance between individual equity and social adequacy

Pure social adequacy features	Balance between social adequacy and individual equity features	Pure individual equity features
Benefits payable bear no relation to contributions but ‘need’	Entitlements are based on earnings and length of working career	Benefits payable are based solely on contributions made
No focus on financial investment or rate of return	Adequate retirement income for low-wage workers achieves some degree of subsidy from higher-wage workers.	Exclusive focus on financial investment and rate of return
Complete risk-pooling for all Commercially unavailable		No risk-pooling Commercially available

arrangement will swing away from a pursuit of social adequacy and toward a form of individual equity – or actuarial fairness). The notion of social adequacy that rests on “ensuring that all covered workers and their families enjoy adequate basic protection from a number financial hazards” (The American Academy of Actuaries 2004: 1) is seemingly rejected by both Hayek and Friedman through the invocation of individual autonomy – or self-reliance. More accurately, the neoliberal notion of social adequacy does not violate the principle of autonomy as long as it remains limited to charity whose provision is left basically to the moral decisions of individuals. When advocates of the Bush proposal promise to make individual ownership the foundation of Social Security, the social-adequacy component of the system simply fades away in the name of individual choice.

We are of the opinion that a pro-Social Security rhetoric should take into account the fact that economic-policy debates are almost wholly debates about meaning. As Lakoff (2002: 385) argues, “Language is associated with a conceptual system. To use the language of a moral or political or economic conceptual system is to use and to reinforce that conceptual system.” We implement this insight by challenging the common-sense hegemony of neoliberal autonomy in the Social Security debate. The term ‘neoliberal autonomy’ is chosen on purpose to imply that there are alternative conceptualizations available which lead to potentially different policy conclusions through which different economic realities could be constructed. A pro-social rhetoric can and should emphasize the fact that autonomy can be understood in an alternative sense as a desirable characteristic in whose creation the pursuit of social adequacy plays an integral role.

We do not intend to reject the commitments embodied in this concept of autonomy like self-determination. Rather, by customizing Agich’s (2003: 125) argument for long-term care to Social Security debate, we are of the opinion that an adequate philosophical treatment of autonomy requires the awareness of the contextual nature of the concept of autonomy instead of relying on an abstract ideal. Our question: What practical purpose might neoliberal autonomy actually serve in the context of old-age financial security? Alternatively, is having uncoerced choices identical to practicing autonomy?

O’Neill (1998: 90) argues that “the concept of autonomy is misleadingly characterized if it is contrasted only with the vice of heteronomy.” The neoliberal concept of autonomy is similarly the outcome of this fallacious logic. This characterization of autonomy, which emphasizes the reliance of each individual on his or her own understanding and decision-making skills, independent of the authority of others, to shape his or her life, rejects any authoritative standard as described by Hayek, Friedman, and the Cato Institute. It is not coincidence that the term *self-reliance* can easily be substituted for *autonomy* as conceived by the neoliberals. Consider now one’s reliance on a doctor’s judgment about medication, say, to reduce his risk of heart attack. It fails in the test of neoliberal autonomy (or self-reliance) since it entails reliance on the doctor’s authority. Does this really make him less autonomous? One might think, therefore, the concept of autonomy “needs to be contrasted also with an opposing vice: the vice might be termed that of excessive self-assertiveness” (O’Neill 1998: 90). Although this issue is not addressed by Hayek or Friedman, nor by the rhetoric of Ownership Society, it will be utilized here as the basis for a pro-social rhetoric.

**Table 2** The elements of pro-social rhetoric

Neoliberal autonomy vs. pro-social critique in the Social Security debate	
Neoliberal autonomy	Pro-social critique
Individual assets/ownership	Social assets/ownership
Self-reliance as virtue	Excessive self-assertiveness as vice
Citizens as active investors	Rejection of imposed rationality
Ability to make financial investment decisions	Inability to make financial investment decisions
Responsibility to make financial investment decisions for old-age financial security	No obligation to make financial investment decisions to achieve a minimum standard of living at old age
Promise of better monetary return	Promise of peace of mind
Need for time, expertise in finance and economics, and inclination to be investors	Emphasis on social standard
Rejection of social adequacy	Balance between individual equity and social adequacy

Advocation of an alternative sense of autonomy in the pro-social rhetoric informed by O'Neill's insight summarized above should raise the following legitimate questions: "What is the proper role of Washington in ensuring the security of US citizens?" and "How much, and in what ways, should Americans depend on themselves?" (Grier 2005). Possible answers to these questions will range as widely as the multiplicity of visions regarding the role of government, and associated concepts of social adequacy and autonomy.

One possible line of argument, also adopted here, is expressed by Robert Reischauer, president of the Urban Institute, a Washington think tank:

Many people don't have *the time, inclination, or expertise* necessary to take full responsibility for their own well-being in areas that are so complex as assuring they have sufficient income for retirement or choosing a health plan appropriate for their circumstances. (quoted by Francis 2004) (My italics)

Reischauer's points lead us to the following question: Does the ability to make uncoerced choices and thus exert more control over our own destinies, as promised by the rhetoric Ownership Society, exhaust the meaning of being autonomous? Larner (2000: 11) argues that in an attempt at "'degovernmentalization' of the welfare state (...) the citizen is re-specified as an active agent both *able* to and *obliged* to exercise autonomous choices" (emphasis mine). In other words, whenever there is choice, autonomy immediately appears with its negation, obligation which is at the center of pro-social rhetoric:

We're developing an investor society ... Investors aren't just Wall Street people, as far as I'm concerned. You've got the investor class. If you think about that, that means only certain people are capable of investing. I disagree. I think every citizen (...) has got the capacity to manage his or her own money ... And I believe the so-called *investor class ought to be every American*, regardless of his or her background (Bush 2005b). (Italics mine)

The rhetoric of Ownership Society specifies individuals as investors. In the style reflected in remarks such as "We're developing" or "ought to be," the *investor* identity imposes an unjustified rationality on individuals. Once the ideal of



individual ownership of retirement is achieved, individuals will be obliged to make those decisions regarding their old-age financial security regardless of whether or not they are truly investors, and have the time and inclination to make wise investment decisions.<sup>3</sup> While neoliberal thinking measures the degree of autonomy by number of decisions subject to market norms, it explains away with its imposition of rational investor identity on working people the fact that practicing this type of autonomy requires several resources – resources that working people do not necessarily have.

Neoliberal argument leans towards a position where the ability to make choices is identified with practicing autonomy. Nevertheless, this leaves a fundamental question hanging in the air: What does neoliberal autonomy actually serve? Specifically, what does the ideal of self-reliance actually serve in Social Security debate? The pro-social rhetoric whose elements are given in Table 2 with its emphasis on the concept of social adequacy suggests that minimum retirement income should not be matter of financial investment decision. From this perspective, the ideal autonomy as a road to self-determination will emphasize the significance of non-market domain considering the social adequacy component of Social Security providing the elements of autonomy. The latter point is not fully developed here and will be subject of future research.

## Conclusions

We have argued that Ownership Society promises a partial privatization of welfare with a promise of greater control over our lives (or financial futures). However, it does not address the limits of self-reliance. This is where our critical perspective came in. First, we have questioned if the ability to make uncoerced decisions exhausts the meaning of autonomy, and we concluded that neoliberal autonomy is not appropriate to make sense of the social-adequacy component of Social Security. Then we further argued that a concept of social adequacy should become a key component of autonomy when neoliberal autonomy is questioned along pro-social lines.

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<sup>3</sup> Moreover, as supposedly active citizens have a 'vital stake' in the future of the economy – that is, in that of the financial market – and need to “watch their assets grow, they're going to be saying, I better pay attention to fiscal policy in Washington, D.C.” (Bush 2005c).

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