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Abstract: Popular narratives characterising neoliberal economic orthodoxy hold that all forms of government intervention are counter-productive to free markets. Conservatives who claim to embody such liberalism often trace opposition to government interventions to two founding Chicago School economists, Friedrich August von Hayek and Milton Friedman. Through close examinations of the seminal works from Hayek and Friedman, this paper complicates the relationship between the “free-market” neoliberal economic imaginaries derived from both economists’ seminal books as “utopian neoliberalism”, and modern commercial-focused telecommunications policies premised on the active construction of industry serving conditions as “political neoliberalism”. In examining the CONNECT Act aimed at banning the municipal deployment of broadband services in every state across America, this analysis demonstrates significant differences between “utopian” and “political” articulations of neoliberalism, with the latter appearing to ground language and justifications in the former, while simultaneously contradicting baseline principles of such. The seemingly baseless motivations behind the contradictory logics of political neoliberalism are critically assessed and the role of corporate domination of the US telecommunications sector as a guiding philosophy for neoliberal policymakers is discussed.

Keywords: neoliberalism, monopoly capital, broadband policy, municipal broadband, Chicago School, Hayek, Friedman

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1. Introduction

Popular conceptions of neoliberal economic orthodoxy hold that all forms of government interventions in markets, ranging from government ownership of productive assets and direct funding of social goods to even light-touch regulations, are counter-productive and contrary to free markets (see Brown 2019; Harvey 2005). Neoliberalism, just as with traditional conceptions of liberalism in the 19th and early 20th centuries, is supposedly built on the premise that human dignity and individual freedom are the central values of civilisation (Harvey 2005)1. The widespread global adoption of neoliberal logic after the 1970s has, as some scholars describe, become entrenched

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1 Liberalism here refers to the political philosophy that prioritizes the individual as the “ultimate entity in society” (Friedman 1962, 5). This is not to be confused with modern conceptions of “Liberals” as socially progressive in binary with “Conservatives”. This shift in definition in the late nineteenth century, according to a disgruntled Friedman, “came to be associated with a readiness to rely primarily on the state rather than on private voluntary arrangements” (5).
as a mode of discourse, “incorporated into the common-sense way many of us interpret, live in, and understand the world” (3). Building from the Gramscian notion of hegemony – proposing ideas that have come to be “commonsensical” and often work to preserve the status quo and serve elite interests – Pickard (2015) refers to this discursive capture, widely adopted and steeped in neoliberal logics, as a submission to “market ontology” (Pickard 2015, 83; see also Gramsci 1971).

Further, Pickard (2007) described the rise of widespread neoliberal thinking as being at the core political-economic order within policymaking – a perspective that is often at odds with “civil societ[ies] articulations of communication rights” (119). These ideological oppositions to government interventions as a way of thinking about the role of the state, often held by right-wing thinkers and brought into government discussions via Republican representatives (Pickard 2017), are frequently traced back to the works of two thinkers, Friedrich Hayek and Milton Friedman (see, for example, Burmila 2022; Gingrich 2020; Metcalf 2017).

Joseph Stiglitz (2008) explained that the guiding principles of neoliberals today should, in fact, not be grounded in neoclassical economic theory. Rather, he stated that “neoliberalism was always a political doctrine serving certain special interests.” Throughout this essay, the philosophical origins and economic rationales of modern-day neoliberalism will be complicated through readings of Hayek and Friedman’s seminal works – The Road to Serfdom and Capitalism and Freedom, respectively. The views of the two scholars often championed as market fundamentalist icons will be compared and contrasted with one another, as well as with current iterations of neoliberal logic, as applied to a pertinent policy issue within the American telecommunications field: the debate surrounding state and federal restrictions on municipal broadband.

By exploring and applying the neoliberal perspectives of Hayek and Friedman as key figures in the development of the Chicago School of Economics, and subsequently discussing current neoliberal policy perspectives said also to be rooted in these scholars’ conceptions of neoliberalism, I demonstrate how neoliberal doctrine can be understood through identifying two distinct facets as described by Harvey (2005): utopian neoliberalism and political neoliberalism. Harvey explained that the market fundamentalism of neoliberalism can be interpreted “…either as a utopian project to realize a theoretical design for the reorganization of international capitalism or as a political project to re-establish the conditions for capital accumulation and to restore the power of economic elites” (19).

Throughout this paper, I aim to demonstrate how modern conceptions of political neoliberalism within the telecommunications realm have evolved away from the traditional utopian neoliberal writings that are often referenced as foundational scripture, and towards more explicitly serving the economic needs of dominating industries in the field. I do this by posing the question: Do Hayek and Friedman’s seminal texts provide an economic or regulatory rationale for the implementation of top-down, widespread, federal policies meant to consolidate telecommunication power?

In using the logics and justifications presented by key scholars of the Chicago School of economic thought,2 the following argument is not necessarily guided by my

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2 It remains controversial to categorize Hayek as being part of the Chicago school of economics based on methodological distinctions between neoclassical and heterodox approaches of Chicago School versus Austrian School traditions. Even still, historical archivists Van Horn and Mirowski (2009) describe Hayek as playing an “indispensable and pivotal role in the creation of the Chicago School” (304); and identified that in the organizing days of the school of thought, one of the first projects meant to unite the school (the development of a American
own beliefs, but rather one grounded in the immanent critique of utopian neoliberal theory. This is to say that in juxtaposing the ideals and logical foundations as articulated in seminal neoliberal writings, I set out to highlight the contradictions inherent in political neoliberalism pertaining to utopian neoliberal ideals and the inadequate realisation of said ideals. Further, in the absence of theoretical underpinnings that utopian neoliberalism is premised on (problematic as those underpinnings may be), I reflect on what other logics have come to guide political neoliberal policies in the commercially captured US telecommunications realm.

First, in the following section (section 2), I introduce both economists and position their respective works as significant to modern conservative thought through social and institutional means. In section 3 I provide an overview of the political-economic literature on US broadband markets specifically pertaining to oligopolistic ownership within the sector and discussions of municipal or community alternatives to such, and introduce the CONNECT Act in question. Next, I conduct the textual analysis of the seminal works of Hayek and Friedman in section 4, and the findings are divided into three sections of analysis: discussions of monopolies, laissez-faire, and scale of intervention. Section 5 discusses alternative regulatory theory perspectives, and section 6 concludes with reflections on guiding questions and broader implications.

2. Roads: Hayek's "The Road to Serfdom" and Friedman's "Capitalism and Freedom"

The following provides a brief overview of both economists, as well as a rationalisation for the limiting of scope to examining their seminal works throughout, grounded in both social and economic conditions.

2.1. Friedrich August von Hayek

Friedrich August von Hayek – often known as F. A. Hayek – was born in Austria in 1899, and set out to understand how to avoid a repetition of the atrocities of the Great War. Hayek pursued the study of economics, law, and political science, and – during the interwar period when social reform was increasingly accepted and popularised – pushed back against the effectiveness of the shift towards collectivism. Written during the Second World War, The Road to Serfdom is premised on the notion that, while history never quite repeats itself, "we can in a measure learn from the past to avoid a repetition of the same process" (Hayek 1944, 57). The process of repetition of concern is, of course, the fascist uprisings in Germany at the time rooted in what Hayek purports to be the main issue – the strive for collectivism and the subsequent concentration of power within governments. Speaking specifically to the British and Americans of the time, Hayek proclaimed that the ‘democratic’ thinking of the day – socialist lessons espoused by reformers increasingly gaining traction throughout the US and UK – were “precisely the lessons which the Germans did learn from the last war and have done much to produce the Nazi system” (58). In an attempt to stop such a pattern from occurring again among populations where “scarcely anybody doubts that we must continue to move towards socialism”, Hayek adopted the position of Tocqueville – who he described as one of the “greatest political thinkers of the nineteenth century” (67) – in his assertion that “socialism means slavery”.

Road to Serfdom) was described by leading members as “The Hayek Project” (306). This is to say that regardless of the methodological discrimination and disciplinary ostracization he faced at the University of Chicago, I refer to Hayek as belonging to the Chicago School throughout.
2.2. Milton Friedman

Milton Friedman was born in New York City in 1912. He studied economics at the University of Chicago and Columbia University before moving to Washington DC in the early 1930s to work for the U.S. government. As the hardships of the Great Depression led to the election of Franklin D. Roosevelt’s promise of social protection under the New Deal, Friedman critiqued US government spending and eventually returned to academia when he received a position at the University of Chicago in 1946, where he remained for the next 30 years. So, while the early trauma of Hayek’s formation was arguably his time serving in the First World War and witnessing first-hand the political atrocities of warfare, for Friedman – as demonstrated in the focus of much of his work – his formational environment was instead rooted in the economic logistics of the Great Depression and the subsequent Second World War.

2.3. Justifications of Scope

Theine (2023) stresses how media play an important role in the widespread perception through “advancing and legitimising neoliberalism as a powerful economic imaginary” (44). These economic imaginaries are “key simplified understandings that help to make sense of the lived, day-to-day economic reality” (27), and are actively “advanced, legitimised and supported by individuals’ and collective actors’ actions and projects” (28). Such advancement can be widely seen in the case of the seminal works of both Hayek and Friedman, which have been championed by conservatives in the United States for decades, often as radical freedom fighters. This is perhaps most clear in the whole-hearted embrace of both economists by America’s most-watched news channel – Fox News (Farrant and McPhail 2010; Watson 2023).

In 2010 Glenn Beck – at the time working at Fox News Channel – spent an entire hourlong show breaking down and praising the historical and economic significance of Hayek’s *The Road to Serfdom*, encouraging audiences to read the book for themselves (Keith 2011). Beck’s calls were heard loud and clear, and within a few days of his show airing, *The Road to Serfdom* was the #1 selling book on Amazon (Healy 2010). Fox News’ praise for Hayek continues today, with quotes from *The Road to Serfdom* regularly incorporated into pro-free market articles and segments. In 2018 then host John Stossel even listed *Road to Serfdom* as his number-one go-to for holiday gifts in an Op-ed titled *My favorite stocking stuffers for everyone on your list* (Stossel 2018).

In addition to this praise for Hayek, Friedman has been, and continues to be thoroughly and consistently eulogised by Fox News. Articles and segments addressing Friedman go back decades and include appreciation posts (Asman 2006); birthday wishes (Fox News 2002); flashbacks (Fox News 2011); celebratory histories (Boaz 2013; Enlow 2012); even asking revering rhetorical questions after his death (Ebenstein 2012a; 2012b). This admiration, which of course expands beyond Fox News, means to simply highlight the widespread normalisation and adoption of Hayek and Friedman into a collective recognition by everyday Americans on the right. This recognition, beyond political affiliation, has flattened and compressed both scholars as unidimensional conservative economists who simply advocate for market fundamentalism and reject government intervention – when in fact historical research on the development of the Chicago School provides interesting insight for contextualising distinctions between the two economists.

In closely examining the interpersonal and structural development of the Chicago school as a key institution at a key moment in post-war America, Van Horn and Mirowski (2009) described the substantial role played by Hayek’s *Road to Serfdom* in the earliest days of institutional development. Specifically, Hayek’s earliest days within
the American academy revolved around his recruitment by an American businessman to find a suitable scholar who could produce an equally impactful text in the United States. They explained:

“The stated objective was to produce an American Road to Serfdom, and this entailed something more than a minor adjustment of accent when transporting the text across the pond. The politics of postwar America presumed not only a powerful state, but also a configuration of powerful corporations whose international competitors had mostly been reduced to shadows of their former selves. In promoting “freedom,” they were primarily intent on guaranteeing the freedom of corporations to conduct their affairs as they wished” (Van Horn and Mirowski 2009, 157).

The private investor behind this project, then CEO of the Volker Fund Harold Luhnow, was thus uninterested in recruiting a classical liberal economist to complete such a task – a move that Van Horn and Mirowski (2009) proposed “pushed for a reformulation of classic liberalism in the American context” (158). Such a transformation was kicked off by the American Road project led by Milton Friedman, whose Capitalism and Freedom represents “a corporate neoliberal version of Road to Serfdom” (166). For this reason, Van Horn and Mirowski refer to the collective of Hayek and Friedman’s two distinct projects simply as “Roads”.

It is precisely this context of the school of thought’s founding at the beginning (and of course in perpetuation) of a spiralling trajectory towards increasing neoliberalism that positions the comparison of these two seminal texts as important in their own right. The shift away from “classic liberal” thought into corporate-dominated neoliberalism, arguably bookmarked by the time span in between Hayek’s Road and Friedman’s adaptation, does not of course take into consideration the greater works of both scholars. In fact, highlighting this important shift in Chicago School economic theory away from “liberal” scholars like Aaron Director and Henry Simons and towards “neoliberal” scholars like Sam Peltzman and George Stigler demonstrates the adoption of a shift that came to alter Chicago School conditions of scholarship. In doing so, it seems logical that this would lay the groundwork for future works from Hayek that contradict or downright counter his earlier inquiries. Considering this initial shift between Hayek and Friedman, as well as reflecting on where we stand today, the comparison below allows for various inquiries, including:

- the comparison of arguments within seminal texts between Hayek and Friedman on government regulation;
- the examination of the CONNECT act as a form of modern neoliberal policy founded on supposed values embodied in these seminal texts and the examination of contradictions within such claims; and the reflection of said contradictions embodied in the rationalisations of “political” neoliberal policies rooted in “utopian” neoliberal ideas as the continuation of the corporate doctrine of market ontology into both policy spaces and hegemonic conceptions of conservatism.

3. Municipal Broadband and the CONNECT Act

In the 2021 Infrastructure Investment and Jobs Act (IIJA), President Joe Biden’s administration allocated $65 billion to broadband deployment and subsidies – justified through the explanation that “the benefits of broadband should be broadly enjoyed by all” (Infrastructure Investment and Jobs Act 2021, 676). Significantly, this investment
in broadband under the IIJA does more than just fund Internet access – it also signifies broadband’s increasingly prevalent role as a public utility, something telecommunication scholars have been arguing for years (Ali 2021; Pickard and Berman 2019; Sylvain 2012; Taylor, Anderson and Cramer 2021). One early emphasis found in proposals for the IIJA was the enthusiastic emphasis on supporting municipal broadband organisations, which are often praised as viable alternatives to the handful of big telecom providers that continuously under-serve Americans across the nation (Popiel and Pickard 2022). This support for municipal alternatives, while democratically viable, was almost entirely removed from the final draft of the act. Critics have described these alterations as bowing to the demands of big-telecom giants, because allowing for the development of municipal broadband wouldn’t meet the needs of industries who put their thumbs on the scale (see Brodkin 2021a).

The prioritisation of telecom giants over the public they mean to serve is not a new phenomenon in the United States. Perhaps best demonstrated in Clinton’s 1996 Telecommunications Act which promised increased competition and lower prices through a deregulation3 of the industry, the Act led to a subsequent wave of mergers and industry concentration (McChesney 2008, 419) that has been described as “the greatest wave of media consolidation in history” (Schwartzman et al. 2005 as cited in Pickard and Berman 2019, 54). The market repercussions of this act can be understood as a “first step in a decisively different regulatory universe for communications” (Aufderheide 1999, 9), which extended to the now highly consolidated American broadband industry throughout its development in the 2000s.

The high cost required upfront to establish telecommunications infrastructure has led many – including telecommunications giants in the past – to position the sector as uniquely fit to foster “natural monopolies”. Natural monopolies are an accepted type of monopolisation within industries that, due to high barriers to entry and significant capital required to participate, wouldn’t be able to foster efficient competition. According to this logic, it is thus socially optimal for one corporation to maintain these services (Pickard and Berman 2019). Importantly, along with this rationale of allowing one corporation to dominate an entire industry, thus removing the checks and balances presumably applied through competition, comes the understanding that regulatory oversight must hold the dominating corporation to account. This is to say that in exchange for allowing one corporation to reap the rewards of controlling an entire industry, they must then abide by public interest provisions outlined and enforced through regulation. This necessary regulation – particularly in the telecommunications industry that is dominated today not by one, but a handful of massive corporations – has instead come to be controlled by those it means to regulate. This failure of the utopic trajectory expressed in the logics of functioning natural monopolies ending in regulatory capture is perhaps best described by Walter Adams and Horace Gray in 1955 when they noted:

3 McChesney (2008) complicates the notion of “deregulation” when discussing media policy, explaining that “all media systems are the result of explicit government policies, subsidies, grants of rights and regulations” (416). He goes on to note that “the real issue is not regulation versus free markets, but, to the contrary, regulation in the public interest versus regulation to serve purely private interests”. Thus, when discussing “deregulation” throughout this article, it should be understood not as an abolishment of government control towards a more “free-market” approach, but rather as the “re-regulation” of policies away from serving the interests of the greater public and towards serving those of private industries (see Freedman 2008, 49).
“The expectation has proved illusionary – a form of wishful thinking divorced from the realities of economic power and pressure politics. Under the impact of these forces public regulation has been transformed into an institution for the creation, protection, and subsidization of private monopoly” (Adams and Gray 1955, 54).

Researchers have long critiqued standardised industry accommodations baked into broadband policy that end up benefitting what some have referred to as the Broadband Cartel (McChesney 2013, 113; Pickard and Berman 2019, 58). Consisting of four companies (Comcast, Charter, Verizon and AT&T), the Broadband Cartel makes up 76 percent of Internet subscribers in the United States, and they band together to establish a tight oligopoly dedicated to profit when negotiating with regulators. The agency in charge of regulating the telecommunications sector in the United States – the Federal Communication Commission – is notoriously captured by these monopolistic industry players (see Popiel 2020; Pickard 2015; Rosenberg 2022), which has led to systematic privileging of corporate values over serving the American public.

One approach meant to act as an alternative to the commercially dominated broadband realm is the establishment of municipal broadband (sometimes referred to as “community broadband”). Defined by the “presence of local government in the funding, planning, construction, and/or operation of a broadband network” (Ali 2021, 135), and with a strong emphasis on “localism” (see Sylvain 2012), municipal broadband aims to fill the gaps left by the private market – which as described above, is lacking adequate competition. Taking advantage of this domination of the industry, corporations in the Cartel often band together, establishing a tight oligopoly when negotiating with regulators. Standing in as a democratically viable and decentralised power alternative, private providers have a strong interest in restricting municipal broadband (Sylvain 2012; Pickard and Berman 2019). It is perhaps unsurprising, then, that 16 States across the US currently have restrictive legislation against municipal broadband networks, and House Republicans have proposed a nationwide ban on all local alternatives under the CONNECT Act (Brodkin 2021b; Cooper 2023).

3.1. The CONNECT Act

The Communities Overregulating Networks Need Economic Competition Today (CONNECT 2021), aims to “promote competition by limiting government-run broadband networks throughout the country and encouraging private investment”. Notably lacking is any discussion on how such a federal government-imposed constraint of local broadband networks aimed to increase competition (Brodkin 2021b). The bill, introduced by Missouri Rep. Billy Long (perhaps conveniently after receiving $100,000 in PAC donations from telecommunication services the year prior [see Open Secrets 2020]), proposes that “A State or political subdivision thereof may not provide or offer for sale to the public, a telecommunications provider, or to a commercial provider of broadband internet access service, retail or wholesale broadband internet access service.” (CONNECT 2021).

Telecommunications critic and journalist Karl Bode (2021) explained that community broadband initiatives are often “an organic, grassroots reaction to obvious market failure, and they’ve proven to be invaluable during the pandemic”. Yet, the introduction of the CONNECT Act which means to dismantle such community efforts came as no surprise to those in the field. Bode notes that “the industry has spent years trying to push for a federal ban on such local networks, for no other reason than they would harm AT&T, Verizon, Comcast, or Charter’s bloated revenues”. Actual solutions to the
prolonged underperformance of American broadband, he proposes, “start with the understanding that monopolisation and corruption are the reasons US broadband sucks”. While this bill was generally dismissed as not having any real shot of passage in a Democratic-controlled house (Brodkin 2021b), its introduction remains salient with the recent Republican majority.

Aside from the policy implications of the bill itself, what is of particular interest is the positioning of municipal decision-making within the realm of federal level policies – precisely what Hayek would deem “central planning”. The following section will assess how Hayek and Friedman might respond to the ideas proposed in the CONNECT Act, and identify contradictions between utopian neoliberalism and political neoliberalism.

4. Hayek and Friedman: Similarities, Differences, and Application

The following section provides an overview of pertinent arguments from Hayek’s *Road to Serfdom* and Friedman’s *Capitalism and Freedom*. Specifically, I mean to highlight both economists’ perspectives relevant to the justifications of the CONNECT Act in seminal texts widely praised by American Conservatives as a way to assess contradictions in what has been written, and what values are being praised and adopted through telecommunications policies today. The separation between these two concepts – what was actually said and what is today praised and acted upon – is the object of reflection in the later section on shifting neoliberalism. Important to note is that while my assessment of both Hayek and Friedman sometimes distinguish them from one another, they shared many similarities – most significantly their shared belief in minimalist government intervention and an individualist approach to making sense of social and political structures.

Beginning with an overview of *Road to Serfdom*, Hayek’s main emphasis throughout was that the popular socialist views dominating much of the West at the time of writing were to blame for the now second collapse of Germany into authoritarian rule. This was because the act of government planning “leads to dictatorship, because dictatorship is the most effective instrument of coercion and the enforcement of ideals and, as such, essential if central planning on a large scale is to be possible” (110). This critique of government planning stems from Hayek’s scrutinisation of the abstractness of how legal, political, and economic matters are agreed upon, and how necessary compromises in such agreements do not align with individualist notions of being. With this being said, the role of government as a protector of its citizens is not lost on Hayek, as seen in his explanation that:

“There is no reason why in a society that has reached the general level of wealth which ours has attained, the first kind of security should not be guaranteed to all without endangering general freedom […] there can be no doubt that some minimum of food, shelter, and clothing, sufficient to preserve health and the capacity to work, can be assured to everybody.” (148)

Further, he continues to explain that “Where, as in the case of sickness or accident […] the case for the state’s helping to organize is very strong”. This is to say that, while

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4 A quote regularly used to complicate intentions and highlight contradictions in Chicago School thought, such “public facing considerations” are arguably rooted less in Hayek’s compassion for working class individuals and more in his emphasis on their “capacity to work”. Either way, this quote is constrained to the theoretical reflections of Hayek’s work, rather than being incorporated into actual policy discussions.
at the same time equating socialism to slavery, Hayek’s description of social security appears to be distinct from his critique of broader public “planning”. He describes this distinction by explaining that “the very necessary efforts to secure protections against these fluctuations do not lead to the kind of planning which constitutes such a threat to our freedom” (149). This leniency is explained further:

“There is nothing in the basic principles of liberalism to make it a stationary creed, there are no hard-and-fast rules fixed once and for all… Probably nothing has done so much harm to the liberal cause as the wooden insistence of some liberals on certain rough rules of thumb, above all the principle of laissez-faire” (71).

This is to say that while Hayek believed that the organisation of society should, as much as possible, be led by organic social spontaneity with limited social “planning” – he also left room for the discussion of government intervention rather than blindly dismissing it as a “hard and fast rule”, something more prevalent throughout Friedman’s seminal book, *Capitalism and Freedom*.5

Writing in the early 1960s, Friedman’s (1962) *Capitalism and Freedom* set out to explain the need to move to a classically understood liberal society that values free market economics. In emphasising the negative implications that government interventions have on “advances in civilization”, Friedman noted that:

“Government can never duplicate the variety and diversity of individual action. At any moment in time, by imposing uniform standards in housing, or nutrition, or clothing, government could undoubtedly improve the level of living of many individuals […] [and] could undoubtedly improve the level of performance in many local areas and perhaps even on the average of all communities. But in the process, government would replace progress by stagnation, it would substitute uniform mediocrity for the variety essential for that experimentation which can bring tomorrow’s laggards above today's mean.” (4)

This passage prioritises the possible “progression” of economic and industrial means above the well-being of communities, which seems to demark a different guiding priority than that presented by Hayek. While *The Road to Serfdom* is premised on distinguishing between political abuses of collectivist versus individualist societies grounded in a fear of rising totalitarianism, *Capitalism and Freedom* instead emphasises a “system of economic freedom” as a “necessary condition for political freedom” (4). What is particularly problematic is that Friedman’s “system of economic freedom” appears to triumph over the baseline establishment of what Hayek described as a basic security for all. Somewhere in the mix, Hayek’s call for basic security that did not infringe on or “endanger general freedom” (Hayek 1944, 148), turned into the replacement of “progress by stagnation” (Friedman 1962, 4). This emphasis on “stagnation” is grounded in Friedman’s belief that economics and politics are intrinsically linked – that “economic

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5 It should be noted clearly here that this comparison of Hayek to Friedman through these two very specific texts does not mean to eulogize Hayek in any way, shape, or form - nor does it mean to dismiss the negative impacts of his scholarship both within the academy (such as through the perpetuation of methodological individualism) or in greater society (through his naturalization and fetishization of competition, markets, private property and money and dismissal of important social functions such as co-operation and solidarity as being part of a “primitive order”) (see Fuchs 2003; 2007).
freedom is an indispensable means towards the achievement of political freedom” (8), and that “history suggests only that capitalism is a necessary condition for political freedom” (10).

These discussions on the role of the state, with Hayek emphasising moderation in centralised planning and Friedman dismissing the notion of any government intervention altogether, demonstrate a shift in logics that resemble the “reformation” of dominating Chicago School logics proposed by Van Horn and Mirowski (2009). In the discussions above, it is clear that Friedman’s rejection of any and all intervention – even when describing public hardships to be solved by such – resembles a type of freedom “primarily intent on guaranteeing the freedom of corporations to conduct their affairs as they wished” (Van Horn and Mirowski 2009, 157). This certainly does not mean to praise the “freedom” presented in Hayek’s work that revolves around staunch individualism and presents blindness to class and privilege only fathomable by a man of his demographic and statute, but rather to demonstrate a shift away from privileged ignorance and naïveté and towards a more systematic intervention of corporate-driven reformation.

4.1. Monopolies

More specific to the application of the CONNECT Act that aims to strengthen the private monopoly of the broadband cartel through limiting public alternatives, Hayek and Friedman maintain that monopolies are problematic under the logic of free-market economics, while simultaneously downplaying the said problem. When speaking of the tangible presence and formation of monopolies, the two economists share the perspective that the issue has been blown out of proportion, but address the tangible existence of such monopolies quite differently. For example, Hayek noted that:

“The historical fact of the progressive growth of monopoly during the last fifty years and the increasing restriction of the field in which competition rules is, of course, not disputed – although the extent of the phenomenon is often greatly exaggerated” (Hayek 1944, 91).

Downplaying the overall level of concern that monopolies themselves drastically contribute to the economic and social organisation throughout, Hayek still addresses their presence by problematising the role of the state in supporting said monopolies, explaining that “the state itself becomes more and more identified with the interests of those who run things than with the interests of the people in general” (Hayek 1944, 203).

This undisputed nature of the existence of monopolies from Hayek is countered by Friedman’s emphasis away from corporate wrongdoings and towards government suppression. Quoting study findings from George Stigler to make this point, Friedman explained:

“The governmentally operated or supervised sector has of course grown greatly over the past half-century or so. Within the private sector, on the other hand, there appears not to have been any tendency for the scope of monopoly to have increased and it may well have decreased” (Friedman 1962, 122).

Friedman’s rejection of acknowledging private monopolies as a threat to the market is followed up with firm critiques of government-supported monopolies. He explained that “the use of government to establish, support and enforce cartel and monopoly
arrangements among private producers has grown much more rapidly than direct government monopoly and is currently far more important" (125-126).

Speaking of possible solutions to problems inherent in monopolies, the two scholars also present different perspectives. Hayek articulates an argument not dissimilar from the one used to justify natural monopolies today – requiring strict government oversight – noting his hesitation to incorporate explicate “state management”, and instead, if necessary, advocates for “a strong state control”. He explained:

“Wherever monopoly is really inevitable the plan which used to be preferred by the Americans, of a strong state control over private monopolies, if consistently pursued, offers a better chance of satisfactory results than state management… Even if this should have the effect that the services of the monopolistic industries would become less satisfactory than they might be, this would be a small price to pay for an effective check on the powers of monopoly” (Hayek 1944, 203-204).

Friedman, on the other hand, takes on an approach that appears to double down on the understating of monopoly presence, by downplaying monopoly powers and complicating the identification of such. When speaking of Monopoly in Industry, Friedman noted that “the most important fact about enterprise monopoly is its relative unimportance from the point of view of the economy as a whole” (Friedman 1962, 121). He then further dilutes the argument against monopolies by suggesting that the identification of such is quite difficult, stating “there can be no clear-cut determination of whether a particular enterprise or industry is to be regarded as monopolistic or as competitive” (121).

Friedman explained that “monopoly frequently, if not generally, arises from government support or from collusive agreements among individuals” (28). Reflecting on having to make a “choice among evils” (93) between public versus private monopolies, Friedman made clear several times where he stood on the issue, noting “if tolerable, private monopoly may be the least of the evils” (28); and “I am inclined to urge that the least of the evils is private unregulated monopoly wherever this is tolerable” (128).

Friedman – though downplaying the role of monopolies in other sections of the book – is highlighting multiple crucial points. First, articulating the source of monopoly powers as a “choice among evils”, demonstrates his acknowledgment of the negative effects of monopoly. Second, he assigns a general responsibility to governments for their role in perpetuating monopolies. Third, he tries to downplay all of this by claiming that monopolies are not a relevant concern, even if they were they don’t have an impact, and how would we even measure them? Hayek also speaks of monopolies as problematic regardless of their economic form and assigns blame to governments for perpetuating the fostering of monopolies, but where Friedman muddies the water and complicates the importance of reflecting on monopolies, Hayek instead purports a solution grounded in tamping down on consolidated powers through the use of “state management”.

Again, a shift is seen from the work of Hayek to Friedman, this time in terms of identifying points of critique and solutions. While Hayek’s work is problematic in his downplaying of the prevalence of monopolies in the broader realm of the economy, Friedman takes this dismissal to a new level by seemingly distracting readers from the ability to even identify monopoly powers. For Hayek, the solution is one of reluctant state control over private monopolies through reflections on what may be lost and what may be gained in doing so. For Friedman, the solution is to deny the problem of
monopoly, deny that ability to assess the problem, divert the problem towards government responsibility, and broadly advocate for private monopolies as the “lesser of evils” wherever possible. Friedman thus provides no solutions aside from trusting in private monopolies as an alternative to public alternatives.

Reflecting on the CONNECT Act, the economists shared perspectives on frustrations with the role of government assistance in generating monopolies suggesting that they would, in theory, reject a policy like the CONNECT Act meant to do just that. It seems the major point of distinction between the two on this point may be grounded in acknowledging and assessing the industry landscape. This is to say, where Hayek would likely acknowledge the Broadband Cartel as a form of consolidated industry power, Friedman has seemingly incorporated numerous points into his arguments to avoid such an acknowledgement.

4.2. Laissez-faire

Another distinction between Hayek and Friedman can be seen in how they approach the notion of laissez-faire – the adoption of an entirely free market. As noted above, Hayek felt that adopting such a limited perspective would narrow the options available to individuals (see Hayek’s note that speaks to the harms of Liberal’s “wooden insistence” on laissez-faire as a rule of thumb). Further, in describing contentions between “planners and liberals”, Hayek noted that “It is important not to confuse opposition against this kind of planning with a dogmatic laissez-faire attitude” (Hayek 1944, 37). Complicating black-and-white notions of government intervention, Hayek explained;

“The question whether the state should or should not "act" or "interfere" poses an altogether false alternative, and the term laissez-faire is a highly ambiguous and misleading description of the principles on which a liberal policy is based. Of course, every state must act and every action of the state interferes with something or other” (Hayek 1944, 84).

Friedman, on the other hand, spoke highly of the concept. In his warm description of the role liberalism played in the late eighteenth and early nineteenth centuries (decades notorious for being equitable), Friedman noted that his conception of Liberalism “supported laissez-faire at home as a means of reducing the role of the state in economic affairs and thereby enlarging the role of the individual” (Friedman 1962, 5). He later included a quote by nineteenth-century British jurist Albert Venn Dicey that equated “individual liberty” to laissez-faire (201), as well as explained that

“There was a large measure of political reform that was accompanied by economic reform in the direction of a great deal of laissez-faire. An enormous increase in the well-being of the masses followed this change in economic arrangements” (Friedman 1962, 10).

Applying this emphasis on free-market economics and the harm of government interventions, after his retirement from the Chicago School Friedman went on to advise American President Ronald Reagan and British Prime Minister Margaret Thatcher – perhaps the two most prominent figureheads of the neoliberal shift in the 1980s. In this global reframing of economic organisation often described as a move towards individualism came the substantial deregulation of, amongst other sectors, the American telecommunications industry.
Examining this distinction between Hayek, who is advocating for a complication of traditional and “dogmatic” interpretations of laissez-faire, as compared to Friedman who is blatantly fetishising a maximisation of distance between government and industry, again demonstrates a change in tone. This shift in tone, of course, benefits corporations aiming to avoid the pesky constraints of government oversight. Applying the texts of both Hayek and Friedman to the CONNECT Act – I purport that yet again - while they may both have been opposed to the organisation of municipal broadband itself – the introduction of a federal ban on such contradicts their own incorporation of laissez-faire logics (particularly pertinent to Friedman’s bold embrace of such).

4.3. Intervention Scale

Important to the positioning of the CONNECT Act, reflecting on the importance of intervention scale – upholding federal power over both state and municipal jurisdictions – is necessary. Hayek’s take on collectivist power remains consistently hesitant throughout *The Road to Serfdom* – but he does make notions towards the importance of scale when making these claims. For example, Hayek explained that:

“One of the inherent contradictions of the collectivist philosophy is that, while basing itself on the humanist morals which individualism has developed, it is practicable only within a relatively small group” (Hayek 1944, 162).

The notion that “it is practicable only within a relatively small group” – demonstrates that even amongst the most dismissed notions of collectivism, there is an assumed large scale to such when describing government involvement and planning. Thus, we can denote that smaller collectives – to Hayek’s logic in *Road to Serfdom* – demonstrate less of a threat of coercion of the masses, because the inherent danger involved in socialist collectivism is based upon the compromise of individuals into a large, faceless system of the masses. Smaller scale community logics that allow for more deliberation, thus require less top-level planning. Another such instance where Hayek appears to support smaller collectives over large-scale government intervention can be seen when he notes:

“In a small community common views on the relative importance of the main tasks, agreed standards of value, will exist on a great many subjects. But their number will become less and less the wider we throw the net; and as there is less community of views, the necessity to rely on force and coercion increases” (Hayek 1944, 225).

Again, the ineffectiveness of navigating shared standards and values increases alongside population, suggesting that small-scale collective decision-making allows for more representation, and less “oppression” through planning.

Friedman is less discreet about his support for smaller levels of government, noting that “Government power must be dispersed. If the government is to exercise power, better in the county than in the state, better in the state than in Washington” (3). Friedman clearly privileges local autonomy over federal and state mandates. Further, he purports that “the great advances of civilisation [what we might today call “innovation”] […] have never come from centralized government” (3), demonstrating that he might hesitate to favour a shift away from local municipalities to the federal government due to this belief that for innovation within the sector to thrive, it mustn’t be tied to the most centralised level of government.
5. Regulatory Theory

The root of the problem that both Hayek and Friedman propose when it comes to government involvement in the market is premised on conceptions of corruption within the political realm. The logic underpinning the Austrian School of Economics – of which Hayek originated from – critiqued the role of government intervention as being necessary to provide a profitable market for the industry. Similarly, Friedman assigned the issue of monopolies to the political realm, noting the use of government was necessary to do so. Both of these explanations describe the problem of government corruption with the prime wrong-doers seemingly contained to government members’ inherent corruption. An alternative school of thought, perhaps most commonly affiliated with the work of Marxist economists Baran and Sweezy (1966), describes a similar problematisation of the normative perception that government intervention into markets is grounded in the public interest.

Questioning this hegemonic understanding of and justifications for government regulation and intervention, the “regulatory schemes and mechanisms which characterise the American economy today” (Baran and Sweezy 1966, 65), Baran and Sweezy explained that:

“In each case [of regulation] of course some worthy purpose is supposed to be served – to protect consumers, to conserve natural resources, to save the family-size farm – but only the naive believe that these fine sounding aims have any more to do with the case than the flowers that bloom in the spring. There is in fact a vast literature, based for the most part on official documents and statistics, to prove that regulatory commissions protect investors rather than consumers […] Under monopoly capitalism the function of the state is to serve the interests of monopoly capital” (Baran and Sweezy 1966, 65-66).

The similarities in rejecting simplified normative conceptions of public policy interventions between the conservative economists of the Chicago School and the Marxist-influenced Monopoly Capital economists is, of course, quite peculiar.

Similarities of the neoliberal “free market economic theory” and the Monopoly Capital “left-wing political theory” include the shared perspective that government intervention has not merely been corrupted, but that its innate purpose means to serve alternative actors over serving the public interest. The two perspectives are distinguished in their assessments of what actors are being served, and – most importantly – how to fix this problem. Monopoly Capital scholars focus on the development of industry-serving policies as coming about under conditions dictated by the very industries they mean to regulate, often through a political economic critique of the contradictions inherent in the relationship between democracy and capitalism. Meanwhile, their neoliberal free-market counterparts (of which much of the Chicago School, including Hayek and Friedman, belong) typically make sense of this corruption as private individuals aiming to “maximize their utility in much the same way a firm maximizes profits”, thus framing regulation as “just another commodity which obeys the laws of the market” (Horwitz 1989, 36). Unlike this highly individualist approach adopted by Chicago School logics (see Fuchs 2003), the problem for representatives of the Monopoly Capitalism School who frame regulation as being inherently flawed due to it being “a commodity which industries clamored after” (Horwitz 1986, 32) is structural. Thus, the most important intervention required would be one of public ownership that removes the domination

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6 For example, see Peltzman’s (1976) Theory of Economic Regulation
of commercial logic. On the other hand, the neoliberal free market conception of the problem that understands regulation as “a form of government-sponsored producer protection” (34) would likely advocate for the removal of all regulatory oversight of the industry.

Applied to the debate of municipal broadband surrounding the CONNECT Act, Monopoly Capitalism School scholars would, of course, reject the act based on its explicit attempt to use regulatory force to reduce publicly owned alternatives in the broadband market, in turn subsequently increasing the market share of the already consolidated industry. While understanding that Hayek and Friedman would likely reject support for municipal broadband itself due to arguments that suggest the very nature of its public ownership removes it from the “self-correcting” logic of a free market, I would also argue that – based on the readings of their seminal books throughout this essay to not speak for the entirety of their respective works – they would also reject the premises of the CONNECT act as a form of government overreach.

Reflecting on both scholars’ arguments throughout seminal texts, their shared perspectives on an acknowledgement of the harmful (or at least contradictory) impact of monopoly power on and a shared disdain of government interventions perpetuating such; their shared belief in free-market logics, including Friedman’s bold embrace of laissez-faire, and the contradictory nature of such applied to federal policies dictating market terms; and their shared notion of scale that purports government action (when necessary) should be limited to smaller communities over state and, especially, federal jurisdictions all point to their rejection of federal level regulatory intervention.

6. Changing Tides of Neoliberalism

Setting out to explore distinctions between Hayek’s and Friedman’s adoption of neoliberalism using Harvey’s distinction of “utopian” versus “political”, the textual reflections throughout this essay present two key shifts in perceptions of the neoliberal economic imaginary. Understanding the significance of both the positive commercial reception to Road to Serfdom, and the subsequent business-driven push for Capitalism and Freedom as its American counterpart 18 years later, the distinctions between works pertaining to the general role of the government to serve the public; perspectives on the dangers, presence and solutions to monopolies; and the acceptance of a binary Laissez-faire approach all speak to a degree of the Chicago School “reformation” in its earliest days (Van Horn and Mirowski 2009). This reformation, contextualized through Harvey’s notion of “utopian” versus “political” neoliberalism, also resembles a shift away from the former towards the latter throughout the nearly two decades between the seminal texts by Hayek and, subsequently, Friedman.

Similarly, I propose we can make sense of the radically contradictory nature of the CONNECT act through an even further shift towards the wide-scale embodiment of political neoliberalism, signifying the greater subsumption of telecommunications policymaking under the reign of market forces. This is clear within the logic presented in the CONNECT Act, which clearly marks a shift in neoliberalism away from more utopian-leaning approaches that tried to encompass natural tendencies within human nature which might have been misdirected by misguided interpretations of the “natural order” (Horn and Mirowski 2009, 60). Scholars have claimed that the starting point of political neoliberalism, in contrast, is the admission that such political ideals will occur only if the conditions of success are constructed, rather than coming about naturally (161). While fully acknowledging that the progression of political action from both Chicago School economists may not have reflected these key values described in both seminal texts, it is still significant to note that the explanations and rationales used
throughout both texts (which stand as foundational pillars to the economic imaginary of neoliberalism today) do not demonstrate this inward collapse of logic through an admission of the need for active “construction” of conditions of success.

Returning to the research question posed above, this inquiry set out to answer whether Hayek and Friedman’s seminal texts provided an economic or regulatory rationale for the implementation of top-down, widespread, federal policies meant to consolidate telecommunication power? It is precisely this lack of total foundational collapse into the need to create policy conditions that allows for a firm answer to this question: no, these seminal texts from Hayek and Friedman do not support such interventions.

The supposed values of political neoliberalism claim to share the same underlying objectives as those of utopian neoliberalism – broad notions of “freedom”; an emphasis on individuality; and a push for free-markets unobstructed by government impositions. This is clearly a driving force in the justification of the CONNECT Act, as seen in the proposal that the federal government should act as a barrier to entry for municipalities, limiting their ability to serve their own citizens under the guise of “promoting competition”, “limiting government” and “encouraging private investment” (Brodkin 2021b). And again, while advocation for municipal broadband may not be adopted by Hayek or Friedman, this analysis proposes that the rejection of federal-level policies governing such would also be fiercely rejected.

Frankfurt School scholar Herbert Marcuse explained the basic rationale for minimal government intervention, noting that “free individual competition of the liberalist stamp is transformed into monopolist competition among giant enterprises” (Marcuse 1999, 311). The “deregulation” of the American telecommunications industries and simultaneous domination of the broadband market by a powerful industry collaborative clearly demonstrate this trend. This prioritisation of perpetuating the desires of the Broadband Cartel over the American public should thus come as no surprise. Eugene V. Debs articulated this problem back in 1896 when he explained:

“Some monopolies must be taken over by the people […] What is true of the telegraph is true of the telephone. It is true of the railroads. The people should own them, or they will own the government” (Eugene V. Debs 1896, as cited in Schiller 2023, 54).

What this paper has found – the unsubstantiated grounding of political neoliberalism in the utopian neoliberal theory presented by policymakers aiming to ban municipalities from competing in the broadband market – fits Hardy’s (2019) description of the wonky mix-and-match behaviour of political neoliberals, stating “Neoliberalism fused the various grounds for non-intervention with a more strident form of re-regulation that favoured commercial market actors and attacked public interest regulation” (96). The contradictions inherent in this narrative grounded in naïve neoliberal tropes, and simultaneously advocating for supposed deregulation within the CONNECT act thus speaks to the shift towards the active construction (read “planning”) necessary to produce conditions that foster the further consolidation of corporate control over the boundaries of the market by eliminating possible threats of competition. This in turn substantiates McChesney’s (2014) explanation that:

“The policies surrounding the Internet in the United States are determined by what the wealthiest and most powerful players wish to have happen [which] is producing a digital world that is inimical to democracy and to the revolutionary potential of these technologies” (92).
As seen in the shaky economic justifications of the introduced CONNECT Act, this struggle remains apparent today. It is thus important to emphasise that the solution to inequitable broadband access and affordability, and, seemingly, to the effective functioning of American democracy, requires a reining in of the commercial domination of the telecommunications sector. This is where the theoretical framework introduced by the Monopoly Capitalism school of thought can be effectively applied. Remembering that the solution for Monopoly Capitalism scholars to corporate domination, as clearly applicable here, is the removal of commercial influence via an adoption of public ownership – solutions to America’s broadband problems should be considered outside of the existing industry-centred framework. As noted above, important alternatives to this commercial domination include the adoption of municipal broadband and community-run networks that serve the districts in which they operate, rather than giant telecommunications organisations (see Fuchs 2017; Pickard and Berman 2019). In a time when digital connectivity is increasingly essential for the functioning of everyday life — in turn holding the public captive to the capitalist forces that dominate online spaces and, as discussed here, the access to said spaces – the only way forward involves both critical reflectivity of policies and who they mean to serve, as well as widespread support for democratically centred telecommunications alternatives free from neoliberal economic imaginaries and an all-encompassing market ontology.

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