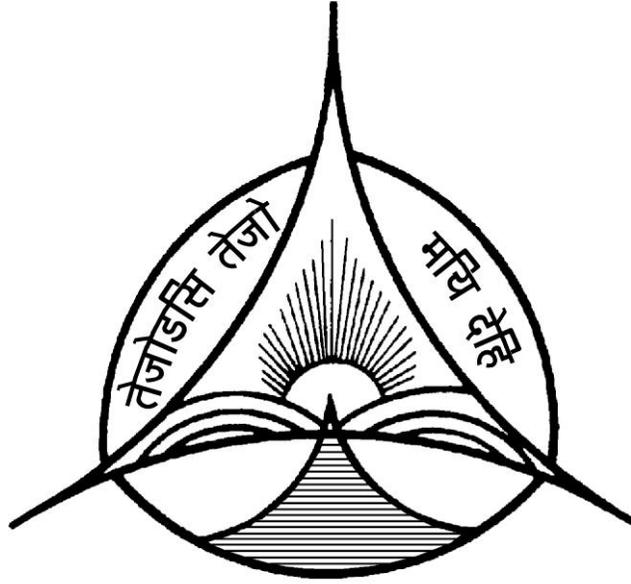


THE JMC REVIEW

*An Interdisciplinary Social Science Journal of
Criticism, Practice and Theory*



Volume 1

2017

The limits of Neoliberalism: Authority, Sovereignty and the Logic of Competition by William Davies, UK: SAGE, 2014

Reviewed by: Kingshuk Sarkar, Fellow, V.V. Giri National Labour Institute, Noida

Since its intellectual inception in the 1930s and its political emergence in the 1970s, neoliberalism has sought to disenchant politics by replacing it with economics. This book examines the efforts and failures of economic experts to make government and public life amenable to measurement, and to re-model society and state in terms of competition. It explores the practical use of economic techniques and conventions by policy-makers, politicians, regulators and judges, and how these practices are being adapted to the perceived failings of the neoliberal model. By picking apart the defining contradictions that arise from the conflation of economics and politics, this book questions to what extent can economics provide government legitimacy.

The focus of the book is on the multiple types of political authority that neoliberal critique makes available, specifically to the state. These types are never prescriptive as to exactly what the state should do. Rather, they are immanent moral-political philosophies that provide loose coherence to the techniques, methodologies, measurements and interventions of state actors, providing economic critique of the state for use by state actors. The author borrowed the approach of Boltanski and Thevenot's *On Justification* through the rhetoric of political philosophy, using conflicting philosophies of the common good to identify rival ways in which the state can pursue economically rational programmes. Three in particular are explored: liberal-judicial, the violent-executive and the communitarian. These provide latent notions of authoritative political action that shape how economic evaluation proceeds in and around the state. The analysis is based on readings and texts and, in some instances, interviews with government officials and advisors in Washington DC, London and the European Commission. Empirically the focus is on cases of expert discourse which bridge economics and public administration in various ways, and at various historical moments. The ontology of the state as such is not directly addressed in this book; instead, the questions are those of how sovereignty can be rendered economically empirical while still retaining a sufficient metaphysical and performative aura in order to hold together as legitimate and powerful.

The author points out that we may look back enviously at the pre-2007 New Labour Era. It will go down in history as a period in which wealth appeared to grow almost effortlessly, allowing a progressive government to divert substantial funds towards various public and cultural goods, while still allowing private enterprise to prosper. All manner of political, social, moral or cultural goals could be declared and pursued by policy-makers at that time, but their legitimacy seemed to depend on their conformity with particular forms of economic rationality. This rationality was a free market one. Policy-makers spoke of prioritising consumers' efficiency and competition, but this rhetoric was draped over public investments, cultural institutions and state agencies. Often businesses themselves were demanding that government do more and spend more in order

to increase national competitiveness. It would be difficult to characterise this as an era of laissez-faire or conservative small government. Yet, rationality seemed to be that of economic liberalism.

The author pointed out that what surprised many during the autumn of 2008 was not only the state was the dominant force in sustaining global financial capitalism but how different it looked from the one few years earlier. The usual rhetoric about efficiency and competitiveness was absent but focus was on enabling western finance to continue. This was the all-powerful, sovereign state, which apparently had been hovering in the background all along ready to prop up the world money and economics. It was the state that was normally seen during times of war. Till then state was more active having balanced budget, balancing books and optimizing its management but suddenly it became active and powerful force in reviving global finance. This suggested that the relationship between neoliberal capitalism and the state was far more complex and intimate than presumed. After a point though state stepped back into the sidelines again suggesting recovery and again competitiveness and enterprise resurfaced.

These observations relate to couple of themes which runs throughout this book. The first concerns the questions of identity which is a key concept in neoliberalism. The fact that future is undetermined and is yet to be made, is what allows us to reinvent or reorganize. It allows individuals and societies to be imagined differently and which carries with it profound risks and responsibilities. This is uncertainty in the sense of price volatility, financial turbulence and entrepreneurial innovation. It produces precarity and stress upon individuals. The question that is raised in the book is a classical Weberian one: how does rationality generate and constitute political authority. It also engages with a paradox that is fundamental to neo-liberalism namely how the economic critique of the state can be used precisely to legitimate, empower and expand the state.

The second theme concerns the neoliberal state, sources of its rationality and authority. The sovereign-economic ambivalence of the neo-liberal state is one of the key lessons of the financial crisis-it transpired that the state's economically rationale role is to offer an irrationally large guarantee to maintain the status-quo.

Much of the book is descriptive and historical and not explicitly critical. The author observes that it is no good simply denouncing neoliberalism in a pejorative sense without also understanding the genealogy, normativity and subtlety of the ideas that underpin it. This book has drawn references from recent works on history of liberal thought like that of Mirowski & Plewhe 2009, Peck 2010, Bergin 2013. Academically this book has tried to bring this historical approach to neoliberalism together with sociological approach of Boltanski. The author has tried to shake and de-naturalize some of the assumptions that neoliberal thought had propagated and permeated our political and moral imaginations and come to stipulate horizons of human activity.

Chapter 1 discusses the disenchantment of politics in the context of neo-liberalism, sovereignty and economic environment. Chapter 2 identified the liberal spirit of neoliberalism with a Rawlsian assumptions that contestants are formally equal before they enter the economic game. Within the Kantian and deontological tradition of liberalism, this is the critical issue and it played its part in internal debates within the early neoliberal movement. Ensuring some equality of access to the economic game via the active regulation of the large firms and equality of opportunity for individuals is how neoliberalism's liberalism has most commonly been presented politically. This Chapter addresses the idea of competition as central organizing principle and ideal of political neoliberal authority. The neoliberal state acquires authority from generating and overseeing competitive activity and this competitive activity subsequently facilitates certain varieties of political authority. This chapter explores the paradoxical qualities of competition as a form of organization in which actors are formally equal at the outset and continually unequal at the conclusion. Yet how that formal equality is defined and how much contingent inequality is permitted is open to various interpretations.

Chapter 3 discussed the American tradition of neoliberalism as manifest in Chicago Law and Economics and abandoned this sort of normative liberalism in favour of a Benthamite utilitarianism in which efficiency claims trumped formal arguments. The philosophical and normative elements of liberalism have actually suffered decline. Chapter 3 further described how anti-trust agencies went to great lengths to allow in-house economists to operate in a secluded, quasi-academic culture of esoteric theoretical debate. This Chapter explores the Chicago Law and Economics movement which transformed legal and regulatory understanding of competition, in ways that shaped reforms in the USA during the 1980s and the European Commission from the 1990s onwards.

Chapter 4 depicted a longer-standing neoliberal tradition had also granted a certain political authority to decision-making in the form of the strategic leader or entrepreneur who could rearrange social and economic institutions according to their own will. The national competitiveness paradigm sought to persuade national leaders to view their own roles in similarly business oriented Schumpeterian terms. Nations, regions and cities are reimagined as competitive actors like firms and the question of political decision making is posed as one of strategic navigation of economic uncertainty. Ultimately, the global economy comes to be treated as a competitive game in which nations are trying to win.

In Chapter 5 author argued that a form of contingent neoliberalism existed, a combination of a state of market exception and neo-communitarianism. Both of these, in different ways seek to base economic rationality on some tacitly political notion of decision. It is only the decision of executive sovereign powers to rescue and preserve the neoliberal status quo at all costs that keeps it alive: this is the state of market exception. Meanwhile, the individuals have to be taught and nudged to decide in a certain utility maximizing way, as a matter of cultural preservation: that is noncommunitarianism. This Chapter looks at the ways in which 'anti critical' thought and evaluation are mobilized in order to avoid or delay a crisis. In recent years and especially since

2007, various efforts have been made to reinforce existing modes of economic rationalization and defend them from critique.

The last Chapter considers the fate of critique. Pragmatic sociology has been criticized for capitulating to expert governance and capitalist management and abandoning the critique of exploitation and domination. This poses the question of whether there might be routes which move in opposite direction from the sociology of critique back to a more orthodox critical theory. The book concludes by seeking the political routes beyond economism and/or sovereign domination and what other sources of authority might be imaginable and viable.

One lesson to be taken from neoliberalism is that both individual agency and collective institutions need to be criticized and invented simultaneously. A productive focus of critical economic enquiry would be those institutions which neoliberal thought has tended to be entirely silent on. These are the institutions and mechanisms of capitalism which coerce and coordinate individuals thereby removing choices from economic situations. The dominant discourse of neoliberalism actually contains very little which represents the day to day lives and experiences of those who live with it. This represents a major empirical and analytical shortcomings of the economic theories that are at work governing us and ultimately a serious vulnerability.

The problem of politics is that individuals are both private, isolated actors, with tastes and choices and a part of collectivity with rules and authorities. An alternative answer to this riddle needs to be identified other than simply more competition and more competitiveness in which isolated actors take no responsibility for the collective and the collective is immune to the protestations of those isolated actors. Neoliberalism, as this book has sought to demonstrate, is replete with its own internal modes of criticisms, judgments, measurement and evaluation which enable actors to reach agreements about what is going on. These are specially provided by certain traditions of economics and business strategy which privilege competitive processes and on the basis that those processes are uniquely able to preserve an element of uncertainty in social and economic life.