JAMIE PECK

Constructions of Neoliberal Reason

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Great Clarendon Street, Oxford OX2 6DP
Oxford University Press is a department of the University of Oxford.
It furthers the University's objective of excellence in research, scholarship,
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Oxford New York
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Kuala Lumpur Madrid Melbourne Mexico City Nairobi
New Delhi Shanghai Taipei Toronto
With offices in
Argentina Austria Brazil Chile Czech Republic France Greece
Guatemala Hungary Italy Japan Poland Portugal Singapore
South Korea Switzerland Thailand Turkey Ukraine Vietnam
Oxford is a registered trade mark of Oxford University Press
in the UK and in certain other countries
Published in the United States
by Oxford University Press Inc., New York

First published 2010

British Library Cataloguing in Publication Data
Data available
Library of Congress Cataloging in Publication Data
Data available
Typeset by SPI Publisher Services, Pondicherry, India
Printed in Great Britain
on acid-free paper by
MPG Books Group, Bodmin and King's Lynn
ISBN 978–0–19–958057–6
3 5 7 9 10 8 6 4 2

For Bryony, Holly, and Hannah

Preface

The form of market fundamentalism that we have come to know as *neoliberalism* has been the work of many hands, a lot of them hidden. A half-century in the making, the free-market revolution gained traction as a political project during the macroeconomic crisis years of the 1970s and 1980s, before establishing an increasingly stubborn global grip. Its ideology of pro-market governance has, in subsequent decades, become increasingly normalized, even as it has faced escalating crises of its own making. In the aftermath of the made-in-Wall-Street crisis of 2008 and the period of global economic turbulence that followed, the project of deregulation and liberalization was again brought starkly into question, only to be reconsolidated, almost by default, through a series of pragmatic accommodations. Business as almost-usual is apparently being restored, albeit with Washington and Wall Street sutured together as never before, and with Beijing, of all places, being amongst the new capitals calling the shots on global market integration.

It might be said about dominant policy paradigms like neoliberalism that it can be difficult to think *about* them when it has become so commonplace to think *with* them. The conventional wisdom can seem ubiquitous, inevitable, natural, and all-encompassing. To many, neoliberalism has become practically indistinguishable from the alleged "logic" of globalization—it seems to be everywhere, and it seems to be all that there is. *Constructions of Neoliberal Reason* proposes a fresh way of looking at the free-market revolution, asking where it came from and where it continues to come from. It does so by bringing neoliberalism to earth, countering the (prevalent) understanding of neoliberalism as a shorthand term for the ideological atmosphere. Instead, a sustained focus is placed on some of the diverse ways that the project has been made and remade, through the twentieth century and into the twenty-first, in ideational, ideological, and institutional terms. This means tracking the project's uneven and uncertain progress, from its inauspicious beginnings as a reactionary cult, through its moments of vanguardist advance, to its effective mainstreaming as a restructuring ethos and as an adaptive form of regulatory practice.

This is not, then, a broad-brush account of neoliberalism as a global regulatory architecture, imposed from above, or as a metaphor for the ideological air that we all (must) breathe. Neither does it invoke neoliberalism as a summary label, to be applied to particular politicians, policy techniques, or parts of the world. Rather, it is a story of the never-inevitable ascendancy of neoliberal*ization,* as an open-ended and contradictory process of politically assisted market rule. This is no bloodless, semi-automatic process, but the work of situated social actors, who along the way displayed just about every human flaw, coupled with a share of vision and determination. The book's goal is to convey some sense of the neoliberal project as a lived phenomenon, with an insistent focus on some of its central protagonists, while also documenting some of its out-of-character moments and more banal manifestations. It sets out to denaturalize neoliberalism by calling attention to its socially produced form, tracking the project to some of its "natural" settings but also into sites where it is "out of place." The concern here is not merely to reiterate the big picture (or big N) story of neoliberalism,[1] in broad political-economic strokes, nor to propose some contingent or "bottom up" alternative, but to elaborate an explanation complementary to more structural accounts, one that keep agents and agency in sight. This is not a vision of a neoliberal world from 30,000 feet, but one located much closer to the ground—close enough to see the whites of the protagonists' eyes, if you will. The purpose is not merely to add "color," or dramatized subjects, to extant accounts, but to shed light on some of the spaces in which neoliberalism has been made and remade, as a *constructed* project.

If neoliberalization were simply a matter of imposing a Hayekian blueprint, or stepping back to enable markets to work their magic, there would be no need for a book like this. Far from being predestined, the free-market revolution looks in retrospect to have been a rather improbable achievement. Its pioneers were initially guided only by their shared distaste for what they saw as the totalizing tendencies of the Leviathan state. This was associated with a near-paranoid worldview: the wide-eyed advocates of the market often had an almost phobic reaction to the state and stat*ism.* As Alvin Hansen wrote in his rebuttal of Friedrich von Hayek's *Road to Serfdom,* one of the movement's foundational scripts, in 1945, "This . . . is not scholarship. It is seeing hobgoblins under every bed."[2] The flipside of this fear and denigration of the state, however, was the pursuit of liberty. This was neoliberalism's "positive" project, its creative face, and one that has too often been "misunderestimated," to borrow an apposite Bushian malapropism. This was Hayek the "Boy Scout Leader" (Hansen's term), armed with an

essentially utopian vision of the minimally regulated free market. Ironically, the very unavailability of this imagined destination—the space of pure freedoms—would only reinforce the determination to move always-onward, in the futile pursuit of the free-market nirvana, removing whenever and wherever possible obstacles along the way (like labor unions and other collective institutions, systems of economic planning and social redistribution, and so on). Once neoliberals themselves had their hands on the levers of power, so they were to find—repeatedly—that markets would fail, that bubbles would burst, that deregulation would descend into overreach, that privatization would make monopolies. They were thus drawn into the murky worlds of market-oriented "governance," the purgatory in which they have been destined to dwell ever since. If there is an enduring logic to neoliberalization, it does not follow the pristine path of rolling market liberalization and competitive convergence; it is one of repeated, prosaic, and often botched efforts to *fix* markets, to build quasi-markets, and to repair market failures. Neoliberalization, in this sense, is not the antithesis of regulation, it is a self-contradictory form of regulation-in-denial. It does not glide forward along some teleological track, it tends to lurch three steps forward and two steps back, in the form of an adaptive, mutating, and contradictory mode of governance.

Developing an adequate account of neoliberalism consequently means paying due attention to these twists and turns, contradictions and compromises. Certainly, it cannot be reduced to the high-church pronouncements of Hayek and his followers, or to the parsimonious logic of Chicago School economics. In fact there was never a pristine moment of mountain top clarity or blackboard proof; neoliberalism never represented a singular vision free of doubt and dispute. It follows that there is no beeline trajectory from the complicated present back to some foundational eureka moment. The process of *constructing* neoliberalism has been a continuous one. So the neoliberal idea, its conceptual moment, did not "come first"—to be followed by a series of translations, all the way down to the prosaic practices and mundane manifestations of market governance "on the ground." The ideational, ideological, and institutional moments of neoliberalization have always been mixed up, mutually constituted. "Finding neoliberalism" is therefore not about locating some essential center from which all else flows; it is about following flows, backflows, and undercurrents across and between these ideational, ideological, and institutional moments, over time and between places.

Hayek's long-range vision from the mountain top at Mont Pelerin, where he assembled that nucleus of the free-market "thought collective" after the Second World War,[3] may have established some of the critical ideational preconditions for the program of neoliberalization, but the *realization* of this program would not only depart from, but repeatedly rewrite, the playbook. Critical analysis of the program must therefore also descend from the mountain top, moving beyond the interpretation of Hayekian encyclicals, and deep into the weeds of everyday market governance, routine regulatory failure, and unprincipled political accommodation. *Constructions of Neoliberal Reason* retains a singular focus on the articulation and realization of the free-market project, but it does so by tracking the project through some of its diverse settings—from the backrooms of think tanks to the seminar rooms at the University of Chicago, from the op-ed pages to guru performance spaces, from the brightly lit stages of presidential politics to the shady world of political advice. What follows is a non-reductionist reading of neoliberalization, which takes due account of (but tries not to get lost in) the project's sociological complexity. It looks at some of the ways in which the scripts of neoliberalism have been repeatedly rewritten, the roles of lead actors and bit-part players, the stages and backstages of several notable performances, and the reactions of audiences and critics. Although this is not a work of prediction, there are nevertheless implications for how—and how long—this play might continue to run.

Tangling with Maggie

I confess, I have never much cared for neoliberalism—even before I knew it had a name. I grew up in the English coalfields, and was one of that generation of school children to be denied free school milk by a particularly hard-nosed education minister called Margaret Thatcher. It is surely a recovered memory that the chant "Maggie Thatcher, milk snatcher" reverberated around our schoolyard, though an abiding, visceral distaste for the Tories and all their works certainly formed around this time. Yet it was my next arm's-length encounter with Mrs. T that was in retrospect a more consequential one. I graduated from college in the middle of the monetarist recession of the early 1980s, and what I like to think of as structural causes for my subsequent unemployment were also the proximate reasons for my accidental entry into graduate school. Maybe it was an attempt at catharsis, but my doctoral work tackled the package of labor-market programs that

the Conservatives were introducing at the time. Their objective was not simply to mop up unemployment, but to foster more "flexible" attitudes amongst the workless, to lower reservation wages, to redefine skills (down), and to build the foundations for a more competitive job market. While this was being done in the name of "helping markets work better," in no sense was it a textbook form of deregulation. "Mrs. Thatcher's employment prescription," as David Robertson correctly pointed out, was "an *active* neo-liberal labor market policy."[4] This was not about "rolling back the frontiers of the state," as Thatcher once characterized her program, but about restructuring and retasking the state, about new forms of intervention and regulation based on new strategic goals.

The point of this reminiscence is to indicate where this reading of neoliberalism comes from, literally and metaphorically, practically and politically. These first encounters with neoliberalism were a far cry from the global abstraction that is often invoked in contemporary discourse. They were up-close confrontations with a politically constructed project, forcefully advanced yet nevertheless flawed in execution. The epitome of the conviction politician, Thatcher once interrupted a policy discussion by flamboyantly slamming Hayek's *Constitution of Liberty* on the table while declaring "*This* is what we believe."[5] Meanwhile, out at the nether regions of the Thatcherite project, nothing seemed quite as certain. To take a mundane example, the Young Workers Scheme (YWS) had offered employers a government subsidy if they would *reduce* the wages of young employees, on the impeccably logical grounds that falling wages would stimulate job creation, enabling the market to clear. In the early 1980s, figuring out how this arch-neoliberal policy actually worked was my job for a while. Moonlighting as a policy-evaluation grunt, in the hope of understanding how such programs were actually realized, I found myself talking to scores of employers in the towns around Manchester, to whom the policy made almost no practical sense. Low-paying employers, if they could put up with the paperwork, would sometimes shrug, take the subsidy and continue hiring just as before. The more "respectable" firms were more likely to be bemused by the scheme, or to dismiss the idea as rather sordid. The program continued for a few years, unloved and underutilized, before eventually folding.[6]

Yet there were other areas where neoliberalism's bite was every bit as bad as its bark. At the same time as the YWS was floundering, an epic confrontation with unions in the (nationalized) coal industry was grinding towards a fateful conclusion, following a year-long strike. The defeat of the National Union of Mineworkers in 1985 presaged not only the breakup and

privatization of the coal industry, but a historic-tipping point for both the labor movement and the Labour Party. In the fullness of time, this would pave the way for Tony Blair's reconstruction of *New* Labour, and the soft neoliberalism of the third way—or at least its British variant. But while there may have been a sense that Tony Blair was, in Eric Hobsbawm's memorable phrase, "Thatcher in trousers,"[7] it is debatable whether Thatcher*ism* even outlived the Thatcher administrations. By the end of the 1980s, Thatcher and Thatcherism had both lost their way; a period of ideological drift preceding and following the Iron Lady's unceremonious exit from office. At the end of the next decade, it seemed to some that Blair's New Labour project, as a smoothly presented hybrid of neoliberalism and a recalibrated form of social democracy, might constitute not only a governing ideology for the UK but perhaps even the "best shell" for globalizing capitalism.[8] Before long, however, that project, too, was in tatters. Blair's misadventures in Iraq, and his deadly "coalition" with George W. Bush's regime, signaled perhaps the most egregious moment of overreach for that transatlantic ideological alliance that had been (re)born amid the free-market fervor of the early 1980s. And then, almost on cue, came the global financial crisis—surely the last, squalid act of what some were retrospectively calling the "neoliberal era"? On the face of it, this represented a frontal challenge to what Joseph Stiglitz calls "market fundamentalism":

> For a quarter-century, certain free-market doctrines have prevailed: Free and unfettered markets are efficient; if they make mistakes, they quickly correct them. The best government is a small government, and regulation only impedes innovation [...] When the world economy went into freefall during 2008, so too did our beliefs.[9]

Stiglitz goes on to observe that it might have been expected that the global crash would seal the fate of neoliberalism—and "the debate over market fundamentalism would be over"—but apparently not; at least not yet. This was the world-historical moment, of course, that Barack Obama inherited. Would the election of this self-described transformative president mark a turning point, the advent of some sort of new, center-left compromise. Or, would the neoliberal project be exhumed once more, to live on in (yet) another form?

Histories do not repeat themselves. So the governing circumstances inherited by Obama were quite different from those of his vanguardist neoliberal forebears, Reagan and Thatcher, not to mention Clinton and Blair. And if there is a spatial analogy to this historical aphorism, geographies are never replicated, either. There is no "master transition" to neoliberalism,

against which all others can be measured, just as there are no varieties of Thatcherism.[10] Each pathway toward market rule is fashioned under a unique set of conjunctural conditions (and often in the face of "domestic" crises of one kind or another), even as over time these "local" neoliberalizations have become cumulatively intertwined and mutually referential. In the process, new historical geographies are, in effect, constantly in the making. And this uneven and uncertain terrain across which the project of neoliberalism has been projected, prosecuted, and peripatetically reconstructed. Tracing threads of connection across the polymorphic phenomenon of neoliberalism—the approach adopted here—consequently means finding echoes and connections across these uneven geographical terrains and through zigzagging histories.

Between Ordoliberalism and Obamanomics

How to do this? The following chapters could never constitute a comprehensive historical geography of neoliberalism. Instead they are offered as explorations of a series of vectors, moments, and oscillations in the protracted process of neoliberalization, arranged in a loose historical sequence from the early twentieth century to the first decade of the twenty-first, more of less from Ordoliberalism in interwar Germany to Obamanomics in the contemporary United States. The focus is on generative sites and moments of neoliberalization, mainly located in the global North. By no means has neoliberalism been confined to these regions, of course—the project has checkered and complex histories in Latin America, Eastern Europe, Africa, and Asia, all of which deserve parallel treatments. The field of vision here is "less global" for a number of reasons . . . in part because the ideational origins of the project, a particular focus here, were transatlantic, in part due to my own positionality as a researcher, and in part reflecting a desire to expose the workings of neoliberalism in some of its supposedly "natural" settings.

The conceptual, methodological, and definitional terms for the subsequent analysis are outlined in Chapter One, which presents a first sketch of the etymology of neoliberalism, commenting on its various translations and mistranslations. This includes a provisional definition of neoliberalism, the meaning of which tends not only to be in the eye of the beholder, but also to vary with the *location* of the beholder. This should not be taken as an invitation to relativism, however. Rather, it calls for the

development of a *working* definition of neoliberalism, one that works not only in different contexts but across those contexts—in many respects, the central challenge of the book.

Chapter Two begins to tell the story proper, examining neoliberalism's polycentric formation, in the half century bisected by the inaugural Mont Pelerin Society gathering of 1947. This was the period in which neoliberalism was negotiated and refined, largely as an ideational project, in the problem space between strands of continental European liberalism on the one hand and the upstart Chicago School on the other. Although it never secured a monopoly position, Chicago would eventually emerge as the dominant pole in the ideational universe of neoliberalism, the preconditions and consequences of which are examined in Chapter Three. Here, the distinctive character of neoliberalization as a locally situated but nevertheless interconnected process—from Chicago but not really of Chicago—is drawn out, in part through a commentary on the restless travels of Milton Friedman. If this chapter ends with the intersection of Chicago theory and state power, Chapter Four takes the nexus of ideational innovation and adaptive practice as its point of departure, concentrating on the role of conservative think tanks in the real-time construction of neoliberal projects in New York City, Washington, DC, and New Orleans. New York City's fiscal crisis in the mid-1970s and Hurricane Katrina thirty years later both served as cradles of neoliberal reinvention, but if Gotham's bankruptcy preceded the maturation of think-tank networks, the crisis in the Gulf of Mexico stretched their formidable capacities to the limit.

The reinvention of neoliberal practices often occurs, in fact, at the limits of the process of neoliberalization. Neoliberalism's destructively creative dynamic is reflected in the ways in which these limits have been reworked and extended. Very often, this is a crisis-driven or crisis-animated process, though not inevitably so. Illustrating this point, Chapter Five retains a focus on the urban scale, but moves from two of the hard centers of neoliberal reinvention, New York and New Orleans, to its soft edges, in the form of the creative cities movement. By way of a critique of the recently popularized concepts of the "creative class" and "creative cities," the chapter suggests that geographic reach and policy salience of these discourses cannot be explained in terms of their intrinsic merits, which can be challenged on a number of grounds, but should be understood as by-products of the profoundly neoliberalized urban landscapes across which they have been traveling. For all their performative display of liberal cultural innovation, creativity strategies barely disrupt now-extant urban-policy

orthodoxies, based on interlocal competition, place marketing, property- and market-led development, gentrification, and normalized sociospatial inequality. But more than this, creativity discourses provide an entrée into some of the (imagined and real) everyday spaces of neoliberalization. The much-celebrated hipster subjects of the creative class are not only self-absorbed but self-*managing* individuals, trading on innate talent in a world of cosmopolitan competitiveness. A far cry from the tweedy intellectuals who met at Mont Pelerin, they are new-age neoliberals, dressed in black.

Moving back from the frivolous fringes to what many would consider to be the pressurized epicenter of the neoliberal project, the book closes with a discussion of the promise and practice of Obamanomics. Washington, DC was clearly one of the epicenters of first-wave neoliberalization, in the Reagan era. It would become a pre-eminent site of third-way triangulation during the 1990s, and reckless overextension during the George W. Bush regime. But how might the age of Obama be correspondingly characterized—as a rerun of the pragmatic centrism of the Clinton years, or as a path-changing presidency a la Reagan? Deconstructing Barack Obama's economic philosophy and assessing his first year in office, the chapter asks whether this represents the beginning of the end of neoliberalism, or yet another rhetorical do-over and midcourse adjustment. Obama has been presented with the challenge, and the opportunity, of governing through a historic crisis, interpreted by many as a potentially paradigm-busting event. The very real risk, however, is that the crisis will ultimately define his presidency, not the other way around. Hope and change, the keywords of Obama's campaign, seem already to be losing their original meaning.

Debts

So much of my own work on neoliberalism has been developed in collaboration and conversation with others that merely acknowledging the advice and assistance provided by friends and colleagues seems entirely inadequate. With increasing intensity over the last decade, many of us have been grappling with the meaning and consequences of "neoliberalism," such that elements of a shared (critical) understanding can often be found between texts as well as within them. Although I must accept the ultimate responsibility for the limits of the analysis presented here, it has benefited enormously from the collaborative efforts, constructive advice, and

corrective interventions of a great many fellow travelers and occasional interlocutors. In particular, my understanding of neoliberalism has been shaped (and reshaped) through collaborations with Neil Brenner, Bob Jessop, Helga Leitner, Eric Sheppard, Nik Theodore, and Adam Tickell. Thanks are also due, for all kinds of reasons, to Trevor Barnes, Noel Castree, Jane Collins, Rob Fairbanks, Jim Glassman, David Harvey, Nik Heynen, Martin Jones, Roger Keil, Bob Lake, Wendy Larner, Roger Lee, Andrew Leyshon, Gordon MacLeod, Rianne Mahon, Margit Mayer, Eugene McCann, Philip Mirowski, Katharyne Mitchell, Anette Nyqvist, Phil O'Neill, Neil Smith, Matt Sparke, Anthony Vigor, Kevin Ward, Loic Wacquant, Erik Wright, and Elvin Wyly.

More formally, the support of the John Simon Guggenheim Memorial Foundation and the Social Sciences and Humanities Research Council of Canada is gratefully acknowledged. Chapter Two is a revised version of the paper, "Remaking laissez-faire," *Progress in Human Geography,* 32(1): 3–43 (2008), with permission from Sage Publications. Chapter Four is a revised and expanded version of the paper, "Liberating the city: between New York and New Orleans," *Urban Geography,* 27(8): 681–713 (2006), with permission from Bellwether Publishing.[11] Chapter Five is a revised version of "Struggling with the creative class," *International Journal of Urban and Regional Research* 24(4): 740–770 (2005), with permission from Wiley-Blackwell.

The book is dedicated to Bryony and the girls—all of them this time. Not only have they had to endure neoliberalism, actually existing, neo-*lib*-eralism has also for some time been an unwelcome presence at (or on) the dinner table. Thanks for the space, and the quiet. Neoliberalism may not yet be over, but at least the book is.

Vancouver
February 2010

Notes

1. See Gill (1995), Harvey (2005); cf. Ong (2007); Brenner *et al.* (2010).
2. Hansen (1945). See also Hayek (1944).
3. The provocative term belongs to Mirowski and Plehwe (2009), from their authoritative account of the Mont Pelerin Society.
4. Robertson, D. B. (1986) Mrs. Thatcher's employment prescription: an active neo-liberal labor market policy, *Journal of Public Policy,* 6/3: 275–296, emphasis added.

5. Margaret Thatcher, quoted in Ranelagh, J. (1992) *Thatcher's People*. London: Fontana, ix, emphasis added; Hayek (1960).
6. See Deakin, B. M. (1996) *The Youth Labour Market in Britain: The Role of Intervention*. Cambridge: Cambridge University Press.
7. See Anderson, P. (2002) The age of EJH, *London Review of Books*, October 3: 3–7.
8. See Hall (2003: 20).
9. Stiglitz (2010: xi–xii, xvi).
10. For further discussion, see Peck (2004), Peck and Theodore (2007), and Brenner *et al.* (2010).
11.

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