

PUBLICS AND MARKETS

What's wrong with Neoliberalism?

Clive Barnett

Faculty of Social Sciences
The Open University
Milton Keynes
MK7 6AA
United Kingdom

c.barnett@open.ac.uk

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1). THEORISIZING NEOLIBERALISM AS A POLITICAL PROJECT

Neoliberalism has become a key object of analysis in human geography in the last decade. Although the words neoliberal and neoliberalism have been around for a long while, it is only since the end of the 1990s that they have taken on the aura of grand theoretical terms. 'Neoliberalism' emerges as an object of conceptual and empirical reflection in the process of restoring to view a sense of political agency to processes previously dubbed globalization (Hay 2002).

This chapter examines the way in which neoliberalism is conceptualised in human geography. It argues that, in theorising neoliberalism as 'a political project', critical human geographers have ended up reproducing the same problem they ascribe to the ideas they take to be driving forces behind contemporary transformations: they reduce the social to a residual effect of more fundamental political-economic rationalities. Proponents of free-markets think that people *should* act like utility-maximising rational egoists, despite lots of evidence that *they don't*. Critics of neoliberalism tend to assume that increasingly people *do* act like this, but they think that they *ought not to*. For critics, this is what's wrong with neoliberalism. And it is precisely this evaluation that suggests that there is something wrong with how neoliberalism is theorized in critical human geography.

In critical human geography, neoliberalism refers in the first instance to a family of ideas associated with the revival of economic liberalism in the mid-twentieth century. This is taken to include the school of Austrian economics associated with Ludwig von Mises, Friedrich von Hayek, and Joseph Schumpeter, characterised by a strong

commitment to methodological individualism, an antipathy towards centralised state planning, commitment to principles of private property, and a distinctive anti-rationalist epistemology; and the so-called Chicago School of economists, also associated with Hayek, but also including leading monetarist economist Milton Friedman. David Harvey's definition of neoliberalism condenses a set of emphases that characterize accounts of this object of analysis more generally:

“Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices. The state has to guarantee, for example, the quality and integrity of money. It must also set up those military, defence, police and legal structures and functions required to secure private property rights and to guarantee, by force if need be, the proper functioning of markets. Furthermore, if markets do not exist (in areas such as land, water, education, health care, social security, or environmental pollution) then they must be created, by state action if necessary. But beyond these tasks the state should not venture. State interventions in markets (once created) must be kept to a bare minimum because, according to the theory, the state cannot possibly possess enough information to second-guess market signals (prices) and because powerful interest groups will inevitably distort and bias state interventions (particularly in democracies) for their own benefit” (Harvey 2005:2).

The ascendancy of this ‘ideology’ is recounted through a standardized narrative that touches on a series of focal points (Hoffmann et al 2006): a period of economic crisis which shook the foundations of the post-World War Two, Keynesian settlement as the conjuncture in which previously marginal neoliberal economic theories were translated into real-world policy scenarios; the role of economists from the University of Chicago in Pinochet's Chile in the 1970s, Reaganomics in the USA in the 1980s, and so-called Thatcherism in the UK in the 1980s; the role of key international agencies, such as the International Monetary Fund (IMF) and World Bank as responsible in diffusing neoliberalism globally through the so-called Washington Consensus in development and foreign aid policy; and the taken-for-granted claim that neoliberalism has, over time, been transformed from an ideology into hegemonic common-sense.

Wendy Larner (2006, 450) observes that “the concept of neoliberalism is overwhelmingly mobilized and deployed by left-wing academics and political activists”. As a critics' term, neoliberalism is presented as an ideational project and political programme that seeks to supplant collective, public values with individualistic, private values of market rationality as the guiding principles of state policy, economic governance, and everyday life. It should be said that there is no single critical conceptualization of neoliberalism circulating in human geography. Neoliberalism is sometimes conceptualised as a *policy* paradigm; sometimes more broadly as a hegemonic *ideology*; and sometimes as a distinctive form of *governmentality* (Larner 2000). Linking these three different approaches is an overwhelming emphasis on the guiding force of explicit forms of knowledge in shaping social change.

The explicit conceptual elaboration of critical theories of neoliberalism and neoliberalization has been pioneered by human geographers and spatially-sensitive sociologists. *Neoliberalism* is understood as an ideology that is shaped in a few

centres, which then diffuses outwards, and a political project that aims to re-order the territorial framing of capital accumulation. The resulting process of *neoliberalization* is understood to be geographically uneven. The basic outlines of neoliberalism as an object of critical analysis include:

- Neoliberalism is understood as an ideology that encompasses various forms of free-market fundamentalism;
- Neoliberalism is diffused and translated across contexts very quickly.
- Neoliberalism is operative at various spatial scales;
- Neoliberalism displaces established models of welfare provision and state regulation through policies of privatization and de-regulation;
- Neoliberalism brings off various changes in subjectivity by normalizing individualistic self-interest, entrepreneurial values, and consumerism.

In the constitution of neoliberalism as an object of critical analysis, the overwhelming emphasis is upon neoliberalism as an “ideational project”. It is from this emphasis that the agenda for geographical research follows:

- Tracking the *diffusion* of this ideology through different geographical contexts;
- Mapping the variable *articulation* of this ideology with other processes in different places;
- Examining the *normalization* of this ideology in spatial practices of subject-formation.

If the theoretical constitution of neoliberalism as an ideological project generates an automatic agenda for geographical research, then it also constructs the task of critical analysis in a distinctive way. If neoliberalization is assumed to work through the naturalization of market rationalities and the normalization of individualistic egoism, then the critical task becomes one of exposing the various dimensions of neoliberalization as social constructs.

Critical theories of neoliberalism and neoliberalization provide a compelling moral narrative in which recent history is understood in terms of a motivated shift away from public and collective values towards private and individualistic values. Critical narratives of neoliberalism reinforce the image of there being a clear-cut divide between two sets of values – those of private, individualistic self-interest on the one hand, and those of public, collective interests on the other. There is a preconstructed normative framing of these theories around a set of conceptual and moral binaries: market versus state; public versus private; consumer versus citizen; liberty versus equality; individual utility versus collective solidarity; self-interested egoism versus other-regarding altruism.

Theories of neoliberalism go hand in hand with a standard form of criticism that bemoans the decline of public life, active citizenly virtue, and values of egalitarianism and solidarity. These theories project ahead of themselves criteria of evaluation (cf. Castree 2008): neoliberalism reduces democracy, creates poverty and inequality, and is imposed either from the outside or by unaccountable elites. The conceptual analysis of neoliberalism is therefore always already critical, but at a cost. They are condemned to invoke their favoured positive values (e.g. the public realm, collective solidarity, equality, democracy, care, social justice) in a moralistic register without addressing normative problems of how practically to negotiate equally compelling values. And in so far as theories of neoliberalism dismiss considerations of rational action, motivation, and decentralised coordination as so much ‘ideology’, they remain chronically constricted in their capacity to reflect seriously on questions of

institutional design, political organisation and economic coordination which, one might suppose, remain an important task for any critical theory.

Section 2 introduces the basic outlines of conceptualisations of neoliberalism in geography and related fields. This section considers how neoliberalism and neoliberalization have been conceptualised in Marxist political-economy. Neoliberalism is understood as a revival and renewal of *laissez-faire* economic liberalism, holding to principles of free markets and the minimal state. Section 3 looks at how Foucault's ideas about liberal governmentality are used to bolster these political-economy narratives. Section 4 argues that it is worth taking seriously the way in which public rationalities are problematized in a family of economic models of bureaucracy, welfare, and democracy that attract far less attention in geography's 'neoliberalism' than the ideas of free-market liberals like Hayek and Friedman. Section 5 discusses some of the normative blindspots of prevailing conceptualisations of neoliberalism, and by extension, of critical human geography more broadly.

2). POLITICAL ECONOMIES OF NEOLIBERALISM

2.i). NEOLIBERALISM AS ACCUMULATION BY DISPOSSESSION

In Harvey's (2005) conceptualisation, neoliberalism emerges in response to the economic crisis of the 1970s, displacing the 'embedded liberalism' represented by Keynesianism with a more voracious and transparent strategy aimed at restoring capital accumulation. Harvey's narrative focuses on the ascendancy of finance capital over the last three decades. On this analysis, neoliberalism has not been particularly successful as a means of restoring conditions for stable economic growth and capital accumulation. It has been a redistributive rather than a generative programme, driven by strategies of 'accumulation by dispossession' (ibid. 159-163). This is a mode of accumulation which, through practices like privatization and financialization, seeks to transfer publicly or commonly held assets and resources into private property. In Harvey's analysis, accumulation by dispossession has the effect of fragmenting and particularising social conflicts (ibid., 178), in contrast to strategies which sustain accumulation through transformations to the labour-process based on extended wage-labour, which have a universalizing effect in so far as they render transparent their own class content.

In Harvey's account, neoliberalism is defined as a theory of political-economic practices of free markets, which is highly flexible and can be implemented by both liberal democratic and authoritarian regimes. Since *neoliberalization* is understood as an accumulation strategy aimed at restoring class power, *neoliberalism*, with its seductive rhetoric of freedom, has "primarily worked as a system of justification and legitimation for whatever needed to be done to achieve this goal" (ibid., 19). So it turns out that as a 'theory', neoliberalism does not serve a terribly *practical* function in actually pursuing accumulation by dispossession at all. It is mainly "a benevolent mask full of wonderful-sounding words like freedom, liberty, choice, and rights, to hide the grim realities of the restoration or reconstitution of naked class power" (ibid. 119).

The defining claim in Marxist political-economies of neoliberalism is that the ideational project represented by neoliberalism, supposedly formulated by Hayek and others, has been translated into a project of socio-economic transformation, neoliberalization, whose primary agent is 'the state': "Neoliberalization has in effect swept across the world like a vast tidal wave of institutional reform and discursive adjustment" (Harvey 2006, 145). Harvey's narrative explains this translation of theory

into reality by invoking the Gramscian idea of hegemony, suggesting that neoliberal ideas have become incorporated into “the common-sense way we interpret, live in and understand the world” (ibid.). The deployment of the term hegemony in political-economic accounts of neoliberalism over-estimates the degree to which the reproduction of unequal social relations depends on winning the consent of subordinated, exploited actors. In Harvey’s account, neoliberalism becomes hegemonic through a vaguely defined ideological mechanism of ‘naturalization’:

“For any system of thought to become hegemonic requires the articulation of fundamental concepts that become so deeply embedded in common-sense understandings that they become taken for granted and beyond question. For this to occur not any old concepts will do. A conceptual apparatus has to be constructed that appeals almost ‘naturally’ to our intuitions and instincts, to our values and our desires, as well as to the possibilities that seem to inhere in the social world we inhabit.” (Harvey 2006, 146).

The intuitively appealing concept that neoliberalism deploys is ‘freedom’, any usage of which is therefore cast under a dark cloud of suspicion. ‘Social justice’ on the other hand is assumed to have an obvious, unambiguous resonance.

Harvey (2005, 40-41) alludes to hegemony being secured by the changing experiential basis of everyday life under volatile capitalism. This leaves open the possibility of exploring the ways in which various modalities of rational action are framed and mobilized in the construction of hegemony. However, the analysis of neoliberalization as a redistributive rather than generative process of accumulation by dispossession precludes the possibility that capital accumulation might be a positive-sum game, and that this could provide material grounds through which legitimation is secured. Neoliberalism ends up being legitimated ‘ideologically’, by manipulating the representational content that people they carry around in their heads. Hegemony is presented as a cultural process of constructing common sense that is misleading, obfuscatory, and disguises real problems (ibid.). Geography’s Marxism therefore attains its culturalist high-point in seeking to sustain an economic rendering of the contemporary scene.

2.ii). NEOLIBERALIZATION AS TENDENTIAL TRAJECTORY

Theories of neoliberalism effectively abolish the recurrent problem in Marxism of ‘the relative autonomy of the state’ by describing neoliberalization as a political project which, at the level of theory, favours market relations over state intervention while, at the level of hegemonic practice, has successfully captured the state as the means of pursuing its objectives. Capital’s internal logic, conceptually isolated through an analysis pitched at a very high level of abstraction, is then found to cascade downwards until it is directly voiced by the state.

The idea that ‘the state’ voices the class interests of capital, and thus becomes a vehicle for its own diminution, is most clearly expressed in ‘state-theoretic’ accounts of neoliberalism which draw on regulation theory. These approaches emphasize processes of geographical re-scaling in narrating a shift from Fordist to post-Fordist regimes of capital accumulation. Regulation theory focuses on the question of how a crisis-ridden system like capitalism establishes stable conditions for growth. It draws on intermediate concepts to explain the functional relationship between particular organisations of the labour process and systems of production (*a regime of accumulation*) and extended infrastructures for social reproduction (*a mode of regulation*). Under Fordism, so the story goes, high wages and high profits were sustained through Keynesian devices that rolled-out welfare provision and state

infrastructures to sustain high levels of consumption. Accumulation and regulation were both 'scaled' at the national level. The crisis of Fordism, in turn, is manifest in the reordering of these different institutional arrangements, not least in terms of the 'hollowing-out' of the national level, as various regulatory functions are re-located to sub-national and supra-national scales (Jessop 2002b, Peck 2001).

From this perspective, neoliberalism is the 'tendential' trajectory from the Keynesian Welfare National State to a Schumpeterian Workfare Regime, expressed in a raft of policies for managing a new relationship between a post-Fordist regime of accumulation and a re-tooled mode of regulation. Describing neoliberalism as 'tendential' is a way of claiming that this is the leading trajectory of transformation everywhere, even though nowhere in particular accords to either of these ideal-typical models. In the regulationist account of neoliberalism, the culturalist inflection to political-economy is given even freer reign than in Harvey. Objects of regulation, and indeed the dimensions of economic crisis itself, are understood to be constructed through narratives (Jessop 1999). 'Globalization' functions as a master narrative of crisis, and neoliberalism provides the discursive solution to this crisis.

The reference to Schumpeter in the regulationist analysis is important for understanding the normative background to political-economy approaches to neoliberalism. Writing in the 1940s, Schumpeter (1942) presented capitalism as a vibrant system characterised by 'creative destruction', in which capitalist risk-takers pursuing their own self-interest with minimal state interference would generate investment and innovation to sustain high levels of economic growth. To secure this positive-sum outcome, capitalism should be subjected only to the regulatory tinkering of the liberal state in the interests of maximising market efficiency.

Standing opposed to Schumpeter in the regulationist narrative of neoliberalism is the figure of Karl Polanyi. Polanyi (1944), also writing in the 1940s, provided a compelling moral critique of the idea that human welfare could best be secured by letting free-markets reign supreme. For Polanyi, free markets can only create rapid growth by undermining the conditions of human sociality upon which they depend. For him, creative destruction was more destructive than it was creative. To be sustainable, and to promote human welfare, economic relationships needed to be embedded in a fabric of regulations, institutions, and social norms.

Polanyi's ideas provide both an ontological framework within which to locate the pathological consequences of free-market fundamentalism, as well as a normative framework in which to criticise the limitations of this ideology. Neoliberalism represents the triumph of a narrowly formal economizing mode of market rationality, which in turn leads to the disembedding of economic activities from a wider context of substantive social relationships, institutions and norms upon which long-term socio-economic stability depends. This in turn generates an ongoing dynamic through which neoliberalism constantly adjusts to the volatile crises it is itself responsible for.

Theories of neoliberalism therefore exploit an ambivalence in Polanyi's legacy. On the one hand, there is an argument that seems to suggest that market rationality, if left to its own devices, could actually float free from substantive relationships. On the other hand, there is an implication that even the freest of 'free markets' must be embedded in some context of norms and institutions. This ambivalence is exploited in theories of neoliberalism by appealing to the either/or sense of 'embedded' versus 'disembedded' markets to make critical judgements; while deploying the second, descriptive sense to bolster the argument that economic relationships are always functionally sustained by particular projects of social regulation overseen by the state.

Polanyi is an important source for sociologized critiques of free-market theories. In the discipline of economic sociology, it is argued that all markets, even the most 'free', are embedded in broader contexts. In institutional economics, 'institutions' are defined with reference to an expansive field of rules, routines and norms. In actor-network theory, emphasis is on the ways in which various technologies and devices frame fields of action as ones governed by market rationality, and in turn generate various unintended consequences. All three of these fields cast doubt on the whether a purely 'free' market as envisaged in neoclassical economics is possible. In principle, there is scope here for considering how markets can be organised in accord with public values of care, welfare, and equity (Smith 2005, Rodríguez-Pose and Storper 2006). But the primary lesson drawn from this work by theorists of neoliberalism is to argue that markets and other economic relationships are 'socially constructed'. This is presented as if it were a knock-down argument against the theoretical perspective of mainstream economics, which is itself taken to be nothing but an instrument of neoliberalization. In particular, it is concluded that the 'social constructedness' of markets effectively invalidates any and all concern with the analysis of rational action by individualized actors (Peck 2005). In geography's theories of neoliberalism and neoliberalization, the argument about the 'social construction' of markets serves only to sustain a claim about the highly orchestrated qualities of contemporary political-economic transformations.

Claims about the social construction of markets are closely related to arguments about the importance of drawing into view how neoliberalism is a 'political project'. But the regulationist approach works with a rather thin understanding of what counts as political action. The state is understood to be a political actor only in so far as it mobilises particular types of resource (coercive mechanisms like military power, policing, taxation; ideological resources like education and nationalism) in pursuit of its generic function of cohering together a class-divided society. 'Political' refers in this approach to a means of acting (through the state) governed by a particular set of motivations (the self-interest of class actors). It is only in this sense that neoliberalism is understood to be a political product.

The notion that neoliberalism is best theorized as an 'ideational' project' has a pedigree that pre-dates geography's detailed theorization of this topic over the last decade (e.g. Przeworski 1992). It leads inevitably to a focus on elites as the primary agents of change (see Genev 2005). In Peck and Tickell's (2002) account of the neoliberalization of space, this emphasis on neoliberalism as an ideational project is directly connected to a distinctive geographical programme of research on diffusion and contextual articulation. It is argued that the ideas of neoliberal thinkers cascade through various academic and non-academic knowledge networks and gained ascendancy in the United Kingdom and United States in the 1980s (see Plehwe et al 2006). Neoliberalism has a heartland in the 'home spaces' of USA and UK, and then diffuses through various 'zones of extension'. This hierarchical distinction follows naturally from the emphasis placed on neoliberalism as first and foremost an ideational project. This in turn underwrites a linear model of geographical analysis, in which the 'generic' dimensions of neoliberal ideology are diffused outwards, touching ground in particular contexts where they 'articulate' with and 'hybridize' the contextual landscapes of particular cities, regions, or nation-states in Latin America, Africa, Asia, and Eastern Europe.

This picture of the geography of neoliberalization supports, and in turn is supported by, a distinctive understanding of the task of the relationship between empirical analysis and theory building. Any observed variation or adaptation of neoliberal

ideology to local context does not cause theorists of neoliberalization to revise the basics of their theories. They only confirm the main outlines of their narratives. Peck and Tickell (2002, 388) argue that while neoliberalism takes on different forms in different places, the “family resemblances” between these forms some essential features to be isolated: “adequate conceptualizations must be attentive to *both* the local peculiarities *and* the generic features of neoliberalism”. There is a telling slippage here between a geographical characteristic (‘local peculiarities’) and a formal characteristic (‘generic features’). The generic character of neoliberalism is located in the ideological content of a set of political philosophies, economist theorems, and policy prescriptions (Peck 2004). The claim that neoliberal ideas are enshrined in global ‘rules’ and circulated by a set of global regulatory agencies such as the WTO, IMF and World Bank which discipline states around the world is sustained through an entrenched vocabulary of ‘discourse’ and ‘material practices’. The term ‘discourse’ has come to serve as a kind of inferential transponder that explains away just how highly abstract philosophical principles (from Hobbes or Locke or Smith) and highly arcane social science theorems (from micro-economics and public choice theory) manage to bring-off disciplinary effects on national governments, state agencies, and ordinary citizens.

This style of theoretical reasoning is what makes neoliberalism an exemplary geographical object of analysis. Refinements of theories of neoliberalization call for more attention to the path-dependent interaction between neoliberal programmes and context-specific institutional and social frameworks (Brenner and Theodore 2002); more empirical work on the variability of neoliberalism as policy paradigms are transferred from place to place (Bondi and Laurie 2005); and considerations of the disjunctures between ‘liberal’ and neoliberal’ programmes and imperatives (Mitchell 2004). In short, neoliberalism is a theoretical object that automatically generates a series of geographical enquiries:

- the analysis of the diffusion of neoliberal ideology through the political processes of neoliberalization;
- the analysis of the contextual specificity of neoliberalization, and of its articulation at different scales;
- the analysis of the hybridization of neoliberalism with other political projects (e.g. neo-conservatism) and with other social relations (e.g. gender, race, ethnicity);
- the re-ordering of public and private spaces of work and care;
- and finally (always finally), there is plenty of scope for the analysis of social movements that arise in *response to* and in order to *resist* neoliberalism and the effects of neoliberalization.

The meta-theories of neoliberalism that generate this field of geographical enquiry remain immune to criticism. They are refined by focussing on *neoliberalization*. This is concept that allows from the acknowledgment of diverse origins and varied pathways of unfolding, its’ uneven and incomplete character, while all the time insisting that it remains a ‘tendential’ trajectory of contemporary life (Peck 2006). Whether it is theoretically coherent to ascribe general features to such a variable phenomenon, and whether the sorts of generalization from specific cases that these sort of claims require is coherent, is far from certain (Castree 2006).

What remains unclear is why, if neoliberalism never appears in pure form, and when it does appear it is always a compound with other projects and processes, the outcome of any neoliberal ideational project should continue to be called ‘neoliberalization’. What is it that makes the hybrid compounds through which these specific ideologies

make themselves felt always liable to be named ‘neoliberal’, if this is only one of their components? The one ‘generic’ feature that high level abstractions of neoliberalism do not specify is the *parasitical* force through which neoliberalism does not just articulate with other processes, but which gives it an asymmetrical energy in shaping *corrosive* trajectories of future capitalist development in its own image. For critics, it is this parasitical and corrosive force, implied but never specified, that is what’s wrong with neoliberalism.

2.iii). DE-POLITICIZING POLITICS

In theories of neoliberalism and neoliberalization, the theoretical preference for very high levels of abstraction is associated with a tendency to make a geographical virtue out of the consistent failure to theorize the state as anything other than a functional attribute of the reproductive requirements of capital. Particular state-formations and patterns of political contention are acknowledged only as local, territorialized, contextual factors that help to explain how the universalizing trajectory of neoliberalism, orchestrated from the centre and organised through global networks, nonetheless always generate ‘hybrid’ assemblages of neoliberalism.

This style of theorizing makes it almost impossible to gainsay the highly generalised claims about neoliberalism as an ideology and neoliberalization as a state-led project by referring to empirical evidence that might seem to contradict these grand concepts. For example, it is almost taken-for-granted that the hegemony of neoliberalism is manifest in the reduction of state expenditures on welfare in face of external pressures of neoliberal globalization. Empirical evidence for welfare state decline is, in fact, far from conclusive. Welfare regimes have actually proved highly resilient in terms of both funding and provisioning (see Taylor-Gooby 2001). At the same time, the extent to which open market economies foster rather than menace high-levels of national welfare provision is also hotly debated (Taylor-Gooby 2003). In both cases, the idea of any straightforward shift from state to market seems a little simplistic (Clarke 2003). But from the perspective of geography’s meta-theories of neoliberalization, all of this is so much grist to the contextualizing mill. Contrary evidence can be easily incorporated into these theories precisely because they layer levels of conceptual abstraction onto scales of contextual articulation.

Presenting differential state-formation as a *contextual* variable is related to a much broader displacement of political action in general to a lower level of conceptual abstraction in theories of neoliberalism. One aspect of this is the persistent treatment of a broad range of social movement activity as primarily a secondary response to processes of neoliberalization. But more fundamentally, Marxist political-economies of neoliberalism pay almost no attention, at a conceptual level, to the causal significance of the institutional and organisational forms that shape political action (Hay 2004). This is indicative of a broader failure to think through how distinctive forms of contemporary democratic politics shape pathways of economic development and capital accumulation. Theories of neoliberalism take for granted the capacity of states to implement particular policies in order to put in place the regulatory conditions for particular accumulation strategies. This overlooks the degree to which the time-space constitution of democratic politics in liberal democracies serve as “substantial impediments to the achievement of neo-liberal goals” (Johnston and Glasmeier 2007, 15). Given the territorialization of party support and the territorialized organization of electoral politics, liberal democracy generates strong pressures that militate against wholly flexible and open labour markets, sustain subsidies and protectionist measures, and support the promotion of investment in

particular locations. In theories of neoliberalism, processes of free market reform in the USA and UK since the 1980s are considered models of more general tendential logics. But these examples might be quite specific outcomes of the balance of political forces in those polities when compared to the patterns of welfare reform and tax policy in European countries (Prasad 2005; see also Glyn 2007).

Taking into account the ways in which state action is constrained by the time-space constitution of electoral, representative democracy is particularly relevant for understanding why relatively wealthy, advanced industrial economies do not conform to the tendential logic predicted by political-economy theories of neoliberalization. These same constraints might be operative elsewhere too. It is routine to suggest that neoliberalism is 'imposed' on developing economies externally, through the Washington Consensus promulgated by the IMF, World Bank, and WTO. However, Stokes (2002) argues that patterns of neoliberalization in Latin America in the 1980s and 1990s can be explained in large part by analysis of the dynamics between electoral campaigning, party mobilisation, mandate and accountability as they played themselves out in periods of democratic transition and consolidation. In her account of 'neoliberalism by surprise', democratic governance, party competition, electoral accountability, and responsiveness to constituents' interests all play crucial roles in explaining whether, how, and why neoliberal policies are adopted.

Strictly speaking, these sorts of considerations do not need to disturb the secure conceptual vantage-point offered by political-economy theorizations of neoliberalism. This paradigm is, as already suggested, internally attuned to recognize the variety and hybridity of neoliberalisms, and is able to ascribe this to the necessary articulation of generic neoliberal ideology, circulated globally, with territorialized logics operative at 'lower' geographical scales. Whether or not one finds this convincing comes down to a decision between different styles of theory. Political-economy approaches seek after high-level abstractions in order to identify fundamental features of phenomena (the logic of capital accumulation in Harvey, the capitalist state in Jessop, neoliberal ideology in Peck and Tickell). These abstract imperatives are then mapped empirically through a kind of deductive cascade, where they bump into other phenomena, like states, or racial formations, or gender relations. Because of their distinctive ontological features (e.g. their institutional qualities, their territorial qualities, their discursive qualities, and their identity-based qualities), these phenomena have never been amenable to the same sort of explanatory rationalism that allows the dynamics of capital accumulation to be defined so purely.

The effect of these theorizations is to de-politicize politics. If the dominant logic of state action can always be discerned from understanding the logic of capital accumulation and the balance of class forces, then that is really all one ever needs to really know (Clarke 2004a). This de-politicization of politics 'out there' is an effect of the inflation of the political force ascribed to the academic work of critique: analysis of politics is reduced to a matter of understanding *how* a logic already known in advance is differentially enacted, so that the critical task of such analysis can be presented as a political act of exposing naturalized forms as *social constructs*.

Despite the polite nods to ideas of 'relative autonomy', political-economy theories of neoliberalism only retain coherence by appealing in the last instance to a reductionist theory of the state. Gramscian state theory, with its 'strategic relational' view of the state, is a pretty sophisticated version of reductionism, able to acknowledge all sorts of autonomous action by state agencies, beset by all sorts of contradictions with underlying logics of capital accumulation. Nevertheless, narratives of neoliberalization hold fast to two basic assumptions about 'the state'.

Firstly, the state is understood as a territorialised power-container exercising sovereignty through its monopoly of violence and definitions of legality (Harvey 2005, 159). Secondly, the state is understood as an arena in and through which conflicts defined by reference to class interests are fought out. For example, in Harvey's characterization, during Keynesian 'embedded liberalism' the state became "a force field that internalized class relations" (ibid, 11), and in turn neoliberalization reflects the conquest of this constituted state power in order to enact accumulation by dispossession.

Combining these two assumptions leads to an analysis in which the variable scope, extent and reach of sovereign state action is explained with reference to changing balance of social forces. The state is understood as an object and instrument of class struggle, but not as 'an organisation-for-itself' (Skocpol 1985; Mann 1988). In theories of neoliberalization, this concept of the state as a constituted *sovereign* actor that is also an *arena* for social conflict underwrites the claim that the state can and does now express the class interests of capital univocally. This sort of analysis continues to take for granted the sovereign capacities of 'the state' as an instrument for the forcing through of various political programmes translating ideational projects.

Neoliberalism and neoliberalization would appear somewhat differently from the 'polymorphous view of the state', premised on what Mann (1993, 52) calls "organizational materialism". This view focuses on the distinctive characteristics of political institutions and their relationships with other actors. Such a non-reductionist approach suggests a different view of the restructuring of state actions upon which so much analysis of neoliberalism and neoliberalization focuses. An organisational materialist view of state-formation opens the way for an alternative style of analysis of the simultaneous retreat of the state from certain areas of activity and proliferation into other areas that so exercises political-economy accounts of neoliberalization. It suggests an analysis of the extent to which state actions are determined by the interactions between the dynamics of historically sedimented state imperatives and institutional frameworks and their responses to the changing dynamics of mobilisation and organisation of collective actors in civil society, broadly defined (see Offe 1996).

Taking the relational constitution of state-society interactions (see Corbridge 2007, Migdal 2001) seriously would allow analyses of contemporary transformations to bring into view the pro-active role of a series of actors, projects, and processes that get little if any attention in political-economy accounts of neoliberalization. This would include consideration of the secular dynamics of individualization and risk (Beck and Beck 2001, Taylor-Gooby et al 1999), and how these are transforming the dynamics of collective-will formation which relationally constitute the scope and content of state action. It would include greater consideration of the complex dynamics of bureaucratic and administrative transformation (Du Gay 2000). It would include the geographical dynamics of social reproduction which are not simply adjustments to neoliberalization (Yeates 2002). Moreover, it would open space for appreciation of the pro-active role of social movement mobilisations in emergent forms of 'non-governmental politics' (Feher 2007). It is also a view consistent with recent work which theorizes the ways in which state activities continue to reach into the ordinary spaces of everyday life (see Corbridge et al 2006, Painter 2005).

As already suggested, theories of neoliberalism are remarkably flexible in the face of empirical evidence that seems to run counter to the pattern of state roll-back and market expansion predicted by the neoliberalization hypothesis. Political-economy approach breaking point when they have to account for the observable empirical fact that, contrary to the objective they project onto the 'neoliberal project', it is found that

states have not straightforwardly withdrawn from welfare provision or other forms of social regulation at all. Faced with this inconvenience, Peck and Tickell (2002) conjure up a neat conceptual distinction between what they call the ‘roll-back’ phase of neoliberalism and the ‘roll-out’ phase. The roll-out phase is triggered by the ongoing need of state actors to manage the crises generated by the roll-back phase. This is a selective deployment of the Polanyian theme of embedding and disembedding. It is used to suggest that contemporary processes of active state-building around issues of welfare, crime, family policy, urban order, participation, and cultural inclusion are still best understood as the natural extensions of an ideology that is supposed to be based on a straightforward opposition between state and market.

This distinction between roll-back and roll-out phases makes neoliberalization look less like a ‘tendential’ path of development than a tendentious theoretical projection of a simplistic moral order onto a rather more complex reality. Nevertheless, this distinction inadvertently opens up room for tethering an alternative theoretical framework to the regulationist paradigm. In order to describe and explain the ‘roll-out’ of new welfare and regulatory regimes by putatively neoliberal states, geographers have increasingly turned to the theoretical vocabulary of ‘governmentality’.

3). NEOLIBERAL GOVERNMENTALITY

The concept of ‘governmentality’ is a neologism used by Michel Foucault (1991) in his work on modern forms of political power. It is a term that combines ‘government’ and ‘rationality’, suggesting a form of political analysis that focuses on the forms of knowledge that make objects visible and available for governing. In Foucault’s terms, governmentality refers to a distinctive modality for exercising power, one which is not reducible to ‘the state’. Governmentality is understood to work ‘at a distance’ by seeking to shape ‘the conduct of conduct’. This in turn implies that governmentality refers to a wide range of points of application, including fields of action not ordinarily thought of as political, such as medicine, education, religion, or popular culture.

Governmentality is a notion that develops Foucault’s distinctive approach to the analysis of power relations. His work not only *relocates* power, dispersing it away from sovereign actions of centralised state agencies. It rethinks the type of *action* through which power is exercised (see Brown 2006b). In fundamental respects, the significance of the notion of governmentality for social theory turns on the interpretation of just what sort of theory of action this notion presupposes. The next two sections explore just where this significance lies.

Lemke (2002) argues that Foucault’s work on governmentality provides a means of understanding the relationships between knowledge, strategies of power and technologies of the self that can usefully augment narratives of neoliberalism. From this perspective, neoliberalism is understood as “a political rationality that tries to render the social domain economic and to link a reduction in (welfare) state services and security systems to the increasing call for ‘personal responsibility’ and ‘self-care’” (Lemke 2001, 203). On this understanding, governmentality is a concept that augments the political-economy approaches outlined in the previous section. For example, Ong’s (1999) account of the distinctive forms of governmentality deployed by ‘post-developmental’ states revolves around the assumption that various regulatory regimes manipulate cultural discourses to selectively make people into certain sorts of economic subjects consistent with the objectives of particular national strategies of accumulation. Jessop (2007, 40) has also argued that the convergence between

Marxism and governmentality studies follows from the mutually supportive emphases of the two approaches:

“while Marx seeks to explain the why of capital accumulation and state power, Foucault’s analyses of disciplinarity and governmentality try to explain the how of economic exploitation and political domination”.

This formulation acknowledges Foucault’s own observation that he was concerned with the ‘how’ of power, but assumes that this descriptive focus merely augments the explanatory project of Marxist political-economy. What is covered over here is a fundamental philosophical difference between these two approaches: the concept of governmentality implies an analysis that focuses on the description of practices *instead of* causes and explanations.

The Marxist and Foucauldian approaches are not necessarily as easily reconciled as it might appear. There are two main areas of difference between these approaches: their respective understandings of the state and of discourse (Traub-Werner 2007, 1444-1446). Political-economy approaches assume fairly static models of ‘the state’ and ‘the market’, and view their relationship in terms of contradictory movements of de-regulation and re-regulation; they also assume that ‘discourse’ is a representational concept, and focus upon how ‘discourses’ are theorized differentially ‘materialised’ in particular contexts. In contrast, governmentality refers to modalities of power that stretch far beyond ‘the state’; and ‘discourse’ is not a representational system so much as a distinctive concept of action, referring to the combination of technologies, means of representation and fields of possibility.

Despite the underlying philosophical differences between governmentality and Marxist political economy, Foucault’s notion has become an important reference point in recent debates about neoliberalization (Larner 2003, Barnett 2005). If there is such a thing as a neoliberal project, then it is assumed that it must work by seeking to bring into existence lots of neoliberal subjects (cf. Barnett *et al* 2008). Work on this topic assumes that extending the range of activities that are commodified, commercialized and marketized necessarily implies that people’s subjectivities need to be re-tooled and re-worked - as active consumers, entrepreneurial subjects, or empowered participants (e.g. Bondi 2005, Gökariksel and Mitchell 2005, Mitchell 2003, Mitchell 2006, Sparke 2006a, Walkerdine 2005). In this interpretation, the dispersal of power implied by the notion of governmentality is re-centred around a *sovereign* conception of state action, now able to reach out all the more effectively into all sorts of arenas in order to secure the conditions of its own (il)legitimacy.

The reduction of governmentality to a mechanism of subjectification marks the point at which Foucault’s historical, genealogical approach to issues of subject formation is subordinated to presentist functionalism of theories of neoliberalization. This reduction follows from the ambivalence around subject-formation in the formalized models of governmentality that have developed Foucault’s ideas. Rose’s (1999) analysis of “advanced liberal governmentality” argues that forms of ‘social’ government, of which the classical Keynesian welfare state stands as the exemplar, are being supplanted by the ‘de-socialisation’ of modes of governing. The rationalities of advanced liberal welfare reform “take the ethical reconstruction of the welfare recipient as their central problem” (ibid. 263). They seek to govern people by regulating the choices made by autonomous actors in the context of their everyday, ordinary commitments to friends, family and community. This rationality is visible in the proliferation of the registers of empowerment and improvement, in which both subjects participating in welfare or development programmes are geared towards

transforming the relationships that subjects have with themselves (Cruikshank 1999, Li 2007).

In analyses of advanced liberal governmentality, these shifts in political rationality are the result of the efforts of a diverse set of actors pursuing plural ends. They do not reflect the aims of a singular, coherent neoliberal project pursued through the agency of 'the state'. This emphasis is lost in the functionalist appropriation of governmentality to bolster theories of neoliberalization. This is compounded by the tendency in this work to presume that the description of political rationalities also describes the actual accomplishment of subject-effects. The vocabulary of theorists of neoliberal governmentality theorists is replete with terms such as 'elicit', 'promote', 'foster', 'attract', 'guide', 'encourage' and so on:

"The key feature of the neo-liberal rationality is the congruence it endeavours to achieve between a responsible and moral individual and an economic-rational actor. It aspires to construct prudent subjects whose moral quality is based on the fact that they rationally assess the costs and benefits of a certain sort as opposed to other alternative acts" (Lemke 2001, 201).

The point to underscore here is the emphasis on a rationality that *endeavours* and *aspires* to bring about certain subject-effects. Narratives of the emergence of neoliberal governmentality display little sense of just *whether* and *how* governmental programmes seek to get people to comply with projects of rule or identify with subject-positions. This is in large part because the Foucauldian approach to neoliberalism continues to construe governmentality in terms of a 'politics of subjection' (Clarke 2004d, 70-71). Such an assumption leads almost automatically to the conclusion that neoliberalism degrades any residual potential for public action inherent in liberal democracy (e.g. Brown 2003).

Equipped with the concept of governmentality, this sort of presentation of neoliberalism is able to avoid any serious consideration of what sort of action can be exercised on subjects through acting on them 'at a distance'. The idea that governmentality is a distinctive mode of political rule which seeks to hail into existence its preferred subjects, which are then only left with the option of 'resistance', needs to be treated with considerable scepticism. Understood as a mechanism of subjection, governmentality is assumed to work through the operation of norms. However, Foucauldian theory is chronically unable to acknowledge the work of communicative rationalities in making any action-through-norms possible (Hacking 2004). Theories of governmentality consistently fail to adequately specify the 'looping-effects' between knowledge-technologies, practices, and subject-formation which are implied by the idea of 'governing at a distance' (Barnett 2001). This failure leads to the supposition that governmentality works through representational modes of subjectification rather than through the practical ordering of fields of strategic and communicative action. At the very most, the governmentality approach implies a probabilistic relationship between regulatory rationalities of rule and the transformations of subjectivities, mediated by the rules of chance (Agrawal 2005, 161-163). It might even imply a reorientation of analysis towards understanding the assemblage of dispersed, singular acts rather than on psycho-social processes of individual subjection (Barnett *et al* 2008).

The recuperation of governmentality as a theory of subject-formation, modelled on theories of interpellative hailing, overlooks the distinctive modality of action through which the Foucault addresses questions of subjectivity. Whereas liberalism and neoliberalism are understood in political-economy approaches as market ideologies, from the governmentality perspective liberalism (and by extension neoliberalism)

should properly refer to a particular *problematization* of governing, and in particular the problematization of the task of governing free subjects. While a free market ideology might imply a problematization of free subjects, it does not follow that the problematization of free subjects is always and everywhere reducible to the imperatives of free market ideologies. Ong (2006) suggests, for example, a definition of neoliberalism in which long established technologies for administering subjects for self-mastery are only contingently articulated with projects directed at securing profitability. But this clarification still presumes that neoliberalism extends and reproduces itself primarily through a politics of subjection (see also Brown 2006a). It might be better to suppose that the distinctive focus in governmentality studies on modes of problematization should reorient analysis to the forms of what Foucault (1988) once called practices of 'ethical problematization'. This would direct analytical attention to investigating the conditions "for individuals to recognize themselves as particular kinds of persons and to reflect upon their conduct - to problematize it - such that they may work upon and transform themselves in certain ways and towards particular goals" (Hodges 2002, 457). Two things follow from this reorientation. Firstly, it presumes that subjectivity is the product of situated rationalities of practice, rather than the representational medium of interpellative recognition (Hacking 2002). Secondly, it implies that the proposition that liberal governmentality seeks to construct self-regulating subjectivities should not be too easily reduced to the proposition that these subjectivities are normatively self-interested egoists (Du Gay 2005). For example, Isin (2004) argues that the distinctive style of problematizing contemporary subjects of rule is in terms of so many 'neurotic subjects' faced with various risks and hazards. One implication of this style of problematizing subjects is that state agencies continue to be the objects of demands to take responsibility for monitoring such neurotic subjects or securing them from harm.

In this section we have seen how the third of the approaches to conceptualising neoliberalism identified by Larner (2000), which appeals to the concept of governmentality, can be more or less easily subsumed into the prevalent political-economy interpretation. The assumption that governmentality is a concept that refers to the inculcation of certain sorts of mentality into subjects is the prevalent interpretation of governmentality in geography's usage of this concept to bolster theories of neoliberalization, not least in the proliferation of work on neoliberal subjects. The marriage of political-economy and governmentality therefore generates a shared space of debate that defines state-of-the-art research into neoliberalization (Barnett 2005). While in the political-economy approach, discourses are treated as expressive of other levels of determination, in the governmentality approach political economic processes recede into the background; whereas political-economy approaches privilege class relations over other social relations, the governmentality approach reduces the social field to a plane of subjectification. But these differences converge around a shared assumption that 'reproduction happens': that subjects live out their self-governing subjection as ascribed by governmental rationalities, or subordinate classes live out their regulatory roles as ascribed by hegemonic projects of consent (Clarke 2004c). And so it is that 'the social' is reduced to the repository of a mysterious force of resistance waiting to be activated by the revelatory force of academic demystification.

4). TRANSFORMING THE RATIONALITIES OF THE PUBLIC REALM

4.i). EMERGENT RATIONALITIES

A shared assumption of the political-economy and the governmentality approaches is the idea that neoliberalism dissolves established patterns of public life. From the political-economy perspective, the public realm is progressively constricted through privatization, the marketization of public services, the introduction of competitive pressures into public institutions, and the infusion of private financial arrangements into public institutions. The governmentality perspective adds to this a view of the progressive individualization of subjectivity, as the public identity of 'citizen' is replaced by proliferating discourses of consumer choice and personal responsibility.¹ Narratives of neoliberalism therefore reiterate a common refrain about the decline of public virtues, collective solidarities, caring values, and common institutions.

These narratives overestimate the degree to which existing configurations of public life have been simply dissolved by neoliberal onslaught. For example, the range of organizational reforms in the public sector through which 'neoliberalism' is apparently manifest in the United Kingdom, while certainly shaped by efforts to deflate notions of a singular collective public interest, have generated split representations of public subjects. The public now appears as *tax-payers*, supporting a logic of curbing spending, curtailing entitlements and maximizing efficiency; as *consumers*, supporting agendas to maximize the responsive to user needs; as *citizens* concerned with collective values of equity and fairness; or as *scroungers* threatening to undermine public values of fair shares and equal entitlements (Clarke 2005, Newman 2004). In turn, a range of new agencies have proliferated, not least those focused on auditing and inspecting other agencies in the interests of 'the public'.

This might, of course, all be subsumed beneath the banner of 'roll-out' neoliberalism. But this differentiation of the public realm is not simply an effect of top-down projects to privatize and individualize the public realm meeting the residual resistance of embedded solidarities and loyalties of national-welfare cultures. It is also the product of emergent mobilizations for community participation, equality struggles, and cultural representation. Changes in policy paradigms and welfare regimes are as much *ad hoc* responses to a range of secular social trends as it is a motivated top-down project of rolling-back the state. These trends include (Clarke 2004b):

- *changing consumer expectations*, involving shifts in expectations towards public entitlements which follow from the generalization of consumerism;
- the *decline of deference*, involving shifts in conventions and hierarchies of taste, trust, access, and expertise;
- *the refusals of the subordinated*, referring to the emergence of anti-paternalist attitudes found in, for example, women's health movements or anti-psychiatry movements.
- the development of *the politics of difference*, involving the emergence of discourses of institutional discrimination based on gender, sexuality, race, and disability.

¹ Foucault's work is a rather ambiguous reference for any critique of the dissolution of the public realm under the force of neoliberalism, in so far as it calls into question the validity of the normative vision of public rationality that is meant to be embodied in those institutional configurations menaced by neoliberalism.

This range of factors have disrupted the ways in which welfare agencies think about inequality, helping to generate the emergence of *contested inequalities*, in which policies aimed at addressing inequalities of class and income develop an ever more expansive dynamic of expectation according to which public services should address other kinds of inequality as well. In short, rather than a simple shift from state provision to privatized markets, welfare regimes have been reordered through redistributions of commodified and de-commodified provision and different combinations of social insurance, social assistance, and taxation (Epsing-Andersen 1996). The social relations of welfare consumption have certainly been reordered in highly unequal ways in the process. But the political dynamics of this process is not well captured by a simple narrative of state retreat under neoliberal onslaught.

What from one perspective is interpreted as a motivated project of neoliberalization might be better understood as a much broader-based populist reorientation of contemporary politics, policy, and popular cultures. The possibility that what is too readily identified as 'neoliberalization' might be constituted by the mainstreaming of movement agendas is yet to be fully explored (Larner 2007; cf. Leitner *et al* (2005). Remaining focused on neoliberalization means that all sorts of emergent political formations remain marginalized in this set of debates. These would include environmental politics and the politics of sustainability; new forms of consumer activism oriented by an ethics of assistance and global solidarity; the identity politics of sexuality related to demands for changes in modes of health care provision and other welfare services. These and other movements are indicative of the emergence of a 'politics of choice' that is reshaping relations between states, civil society and capital (see 1998). Much of this emergent politics focuses on issues of consumption, and is therefore easily misinterpreted as just another aspect of a neoliberalized roll-out of market rationality. But this misses the extent to which consumption is re-politicized in these movements, as an entry point into transformative networks of distribution and production which are indicative of evolving new political economies of public life (Murray 2003).

In short, theories of neoliberalism are not very good at describing or explaining the contemporary political-economic landscape. Larner and Walters (2004) and Larner *et al* (2007) deploy the concept of governmentality not to explain how the functionalist requirements of neoliberal ideology are sutured through subject-formation, but rather as a means of accounting for the *post facto* assemblage of a diverse range of imperatives and programmes into a mobile governmental rationality. This seems more in tune with the 'cock-up, foul-up' approach to theorizing political processes (Mann 1993, 53) to which Foucault's genealogical approach seems well attuned. This interpretation of globalization as governmentality suggests a refinement of what is meant by referring to neoliberalism as a 'political rationality'. It suggests an interpretation of the rationalities shaping policy interventions as emergent effects of ongoing processes of interaction, involving various forms of cooperative behaviour such as bargaining or compromising. Thinking of political rationalities as emergent qualities of dynamic interactions suggests, however, a rather more pluralist theoretical imagination than critical theories of neoliberalism are willing to countenance.

4.ii). WHAT ARE MARKETS GOOD FOR?

The idea that we should focus on the emergent public rationalities of contemporary governmentalities, rather than presuming a top-down imposition of a largely unchanging ideology, follows from taking seriously *the type of action* that Foucault's own account of governmentality presupposes. Governmentality refers not to

mechanisms of subjection, but to ‘governing the conduct of conduct’, that is, to efforts aimed at structuring the field of action of other actors. The analytics of governmentality rests upon a conception of interaction in terms of ‘strategic games of liberty’ “in which some try to control the conduct of others, who in turn try to turn to avoid allowing their conduct to be controlled or try to control the conduct of the others” (Foucault 1997, 299). The ‘action on the action of others’ that defines governmentality as a distinctive rationality of rule is theorized by reference to actor’s efforts to realize their own ends through the enrolment of the strategic capacities of other actors. Foucault differentiated between three senses of strategic relations: a fairly neutral understanding of means-ends relations; a sense of taking advantage of others; and a sense of obtaining victory in struggle (Foucault 2000, 346). And he endorsed the idea that these three senses covered the whole field of power relations, where strategy was understood as “the choice of winning solutions” (ibid.) in situations of confrontation or competition.

Foucault’s notion of governmentality therefore rests on a conception in which social interaction is always modeled narrowly on strategic action (Honneth 1991), and has difficulty admitting the possibility of any type of normatively inflected communicative action (Hacking 2004). Furthermore, the analytics of governmentality only admits to a one-dimensional view of strategic action as always competitive action, having difficulty in accounting for observed forms of cooperative strategic action that are the outcome of communicatively-steered agreement.

To help us see the importance of thinking more carefully about issues of rational action, it is useful to consider Foucault’s own foray onto the territory most favoured by theorists of neoliberalism, in his lecture course on ‘the birth of biopolitics’ (see Foucault 2000, 73-79; Lemke 2001, Guala 2006). Here Foucault lays out an analysis of the internal relationship between the emergence of governmentality as a distinctively modern technology of governing and ‘liberalism’ as a distinctively modern form of political reason concerned with the limits of government. Emphasizing that there is no single version of liberal governmentality, Foucault contrasts two traditions of post-war liberal thought: a German school of so-called *Ordo-liberalism*, that defined the concept of the social market; and the economic liberalism associated with the Chicago School. In Foucault’s (2000, 79) view, what is most distinctive about this second line of ‘neoliberal’ thinking is that it seeks “to extend the rationalities of the market, the schemes of analysis it proposes, and the decisionmaking criteria it suggests to areas that are not exclusively or primarily economic. For example, the family and birth policy, or delinquency and penal policy”. The extension of economic rationality into all areas of social life which Foucault identifies as a feature of Chicago School neoliberalism is, in fact, just one aspect of a broader reinvention of ‘political economy’, in which the reasoning of microeconomics has been applied to all sorts of social phenomena: in the law and economics movement to issues of jurisprudence; in public choice theory to bureaucratic dynamics and constitutional design; and in so-called ‘new public management’ to the reconfiguration of administrative systems. This economizing of the social and of the state is not merely ‘ideological’: it is rooted in the methodological practices of microeconomic reasoning, decision theory, and game theory, which allows various activities to be modeled on the principle that all human behaviour is shaped by economic values of self-interested utility maximization.

Foucault’s attention to this emergent tradition of political-economy is not ‘eccentric’ when compared to the ideas of Hayek or Friedman, which geographers assume to be so singularly influential (cf. Sparke 2006b). This attention might

actually throw more insight on the dynamics of state restructuring upon which theorists of neoliberalism focus their attention. The persistent focus on 'free market fundamentalism' in geographers' theorizations of neoliberalism leads to rather tortuous formulations of the observed disjunctures between putative theory (reducing the state) and actual practice (all sorts of state intervention). This betrays a conceptual and normative investment in static idealizations of models of the 'state' and the 'market', and a preference for analysis of all relationships in terms of 'contradiction'. Foucault's focus on liberalism as a rationality of government enables him to point to the extent to which 'neoliberal' ideas do not, in theory, imply less state action at all. They do, however, imply reformulating the principles and objectives of state activities according to economic assumptions of individual and corporate behaviour. Far from assuming that the rhetoric of market efficiency and consumer choice are always and everywhere indicative of a privatizing and de-regulatory agenda, it is important to recognize the degree to which this vocabulary and an attendant set of technologies of reform provide "new ways of managing government agencies" (Slater and Tonkiss 2001, 141).

In short, Foucault leads us to ask what it is that markets are supposed to be good for. What problematizations do market rationalities respond to? Hindess (2002, 134-5) suggests that for liberalism, understood as a political rationality of government, the market is the exemplary form of free interaction, the model for how the activities of numerous individuals can be coordinated without central authority. This idealization of the market as a decentralised mechanism of government operates at two levels: firstly, in the immediate present, individuals in markets are governed by the reactions of others with whom they interact; in the longer term, this sort of interaction with others leads to the internalization of standards which individualized use to regulate their own behaviour, so that market interaction is understood to be a good way of inculcating virtues such as prudence and self-control. This set of assumptions implies a wide spectrum of governmental strategies. On the one side, they can justify interventions that seek to govern or 'make-up' subjects able to engage in this sort of interaction. On the other side, they can imply using markets as the means of actually instilling market virtues.

This is the understanding of the market as a model for coordinating the actions of dispersed subjects that leads to the distinctive understanding of advanced liberalism in Foucauldian governmentality studies. Advanced liberalism is not defined as an ideology of free markets and minimal states, but as a set of discourses that invoke the power of choice, modelled on economics, as a primary motivator of human action in fields of interacting free subjects. This is a form of discourse that "effectively dissolves economy's outside" (Engelmann 2005, 33). But it does not necessarily imply that activities of the state should be transferred to the market, only that state activities be re-ordered around systems shaped by 'market' principles. These might vary from introducing 'competition', treating users as 'customers' or 'consumers', 'decentralizing' authority, or using audit technologies to encourage a focus on 'accountability' or 'outcomes'.

Foucault's attention to the economizing of the social in Chicago-style political-economy should lead to a broadening of focus when it comes to tracing the intellectual genealogy of contemporary policy paradigms. Rather than focussing overwhelmingly on free market economists and explicit agendas for reducing state intervention, which by Marxist and regulationist theorists' own admission can be of little help in understanding how the practices of 'neoliberalization' actually get played out, it might be better to look farther a field. One obvious focus should be on the

genealogy of ‘rational choice’ theories in social science. In so far as these traditions are considered at all in theories of neoliberalization, they are dismissed as adjuncts of ‘free market fundamentalism’ and the supposed hegemony of ‘orthodox economics’ (Peck 2005). But ‘free market economics’ does not provide a theory of administrative reform or of the management of public services, nor of constitutional design or of democratic governance. In contrast, public choice theory does. For that reason, public choice theory has been highly significant in the rise of ‘government by the market’ (Self 1993). Reading this tradition symptomatically throws light upon the reordering of the rationalities of public administration, in contrast to any simple decline or dissolution of the public realm.

So what is public choice theory? Public choice theory provides a descriptive and normative methodology for modelling a range of collective decision-making processes:

“why people join interest groups, how voters choose between parties at election time, how coalitions form in committees and legislatures, how bureaucracies make policy and how sub-national governments deliver policy outputs to citizens” (Dunleavy 1991, 2).

Public choice theory treats government officials, civil servants, and elected representative as individual actors who respond to economic incentives – people involved in collective action are just as they are assumed to act in markets, as self-interested agents. This work is referred to as ‘public choice’ because the choices that voters make, while deploying the same motivations and rationalities as consumers in the market, are decisions and preferences about ‘public’ matters – the design of constitutions, the make-up of government, and so on.

Public choice theory focuses on the asymmetric distribution of information in market relations, broadly defined, which create incentives for the party with more information to cheat the party with less. In the application of these ideas to political processes in liberal democracy, public choice theory generates a rather dismal view of modern politics – dubbed ‘politics without the romance’ by one leading exponent (Buchanan 1991). Public choice theory is, however, just one strand of a broader tradition of modern social science that deploys economic concepts of rationality to social and political issues. For example, in Kenneth Arrow’s impossibility theorem, which is formative of social choice theory and welfare economics, the demonstration of the dependency of any collective preference function on the medium of aggregating individual preferences seems to challenge understandings of democratic legitimacy based on popular sovereignty. In Mancur Olson’s seminal account of the logic of collective action, asymmetries of information and problems of free-riding mean that it is more likely that small groups will organise and exert influence than larger ones. When applied to the analysis of welfare systems, these forms of reasoning lead to a view of bureaucracies and bureaucrats as always seeking to maximize their own advantage, through rent-seeking for example, and thereby reducing efficiency of distributive outcomes. This leads to the stronger claim that public goods are actually under-supplied by state bureaucracies, which are prone to capture by special interest groups.

Public choice theory therefore belongs to what is a much broader tradition of ‘bureau-critique’. Its development as an academic field has certainly been closely associated with a right-wing political inflection (cf. Dunleavy 1991, Dryzek 1992). But the broader tradition of bureau-critique stretches across the political spectrum (see Du Gay 2000). This suggests that, understood as a political rationality of contemporary governmentality, one can read public choice theory symptomatically as

providing an insight into the relational fields through which policies easily labelled as ‘neoliberal’ are actually shaped. For starters, we might observe that the argument that neoliberal free market ideology mobilises an intuitive but seductive rhetoric of ‘freedom’ and ‘choice’ underestimates the degree to which contemporary governance-talk is all about ‘delivery’, ‘participation’ and ‘empowerment’. This vocabulary is indicative of a problematization that revolves around the difficulty of making bureaucratic and administrative systems responsive and accountable to diverse users. In short, this is an approach to issues of public administration that treats market-based solutions not simply in terms of efficiency criteria, but as means of achieving ‘democratic’ objectives of accountability and responsiveness (Armbrüster 2005).

If one understands this new tradition of political economy as one variant of a family of political rationalities of liberal governmentality, then its most pertinent feature is the methodological analysis of both market and non-market interactions as networks of principals and agents (Przeworski 2003). Principal-agent relations are those where the ‘principal’ (a customer, a citizen, a service user) offers the ‘agent’ (a seller, a politician, a bureaucrat) a contract to work for him or her. The analysis of principal-agent relations focuses in particular upon situations where asymmetric information between principals and agents leads to problems of how to align the interests of the two parties: it is assumed that there is a problem in motivating agents to act on behalf of principals rather than to use their advantageous position to bolster their own self-interest. This problematization leads therefore to a search for incentive structures that will encourage agents to align their own self-interests with forms of action which will also be of benefit to their clients. It also recasts the role of elected officials as champions of the interests of public service users, seeking to rein in and discipline indifferent and inflexible ‘producer’ interests in bureaucracies and expert professions. Reading the rise of public choice theory and related fields such as ‘new public management’ symptomatically, then, brings back into view the constitutive role of relational fields of political action in reshaping relationships between different institutions of the state, and their interactions with each other and with other actors in civil society.

Thinking seriously about the political rationalities of liberal governmentality should lead to the recognition of how assumptions about *motivation* and *agency* help shape public policy and institutional design. For example, market-reforms in social policy in the UK have been partly driven by fiscal pressures dictated by ‘neoliberal’ macroeconomic policies. However, just as important “was a fundamental shift in policy-makers’ perceptions concerning motivation and agency” (LeGrand 2006, 4). LeGrand suggests a stylized distinction between two models of motivation and two models of agency.

- If it assumed that people are wholly motivated by self-interest, they are thought of as *knaves*; if they are thought of as motivated by public-spirited altruism, they are *knights*.
- If it assumed that people have little or no capacity for independent action, then they are thought of as *pawns*; if they are treated as active agents, they are thought of as *queens*.

This distinction helps to throw light upon how institutional reconfigurations of welfare are shaped by changing assumptions about how state agencies function, how officials are motivated, how far people are agents, and in particular how agential capacities of recipients can be mobilised to make public officials more knight-like. LeGrand characterizes the post-1979 period of social policy in the UK as ‘the triumph of the knaves’. It involved two related shifts: towards an empirical assumption about

the knavish tendencies of professionals working in public administration; and towards a normative assumption that users should be treated more like queens than pawns. The preference for 'market' reforms follows from these two assumptions:

“if it is believed that workers are primarily knaves and that consumers ought to be king”, then it follows that “the market is the way in which the pursuit of self-interest by providers can be corralled to serve the interests of consumers” (ibid. 9).

This suggests that the distinction between Keynesian social democracy and neoliberalism is simply a difference between abstract, substantive principles: egalitarianism (and the state as a vehicle of social justice), versus liberty (and the state as a threat to this). Just as significant is a practical difference between two sets of beliefs about motivation and agency (ibid, 12). 'Neoliberals' tend to think of motivation in terms of self-interest and egoism, 'social democrats' in terms of knights and altruism. And 'neoliberals' tend to presume a capacity for autonomous action, whereas 'social democrats' presume this capacity is conditioned and therefore can be justifiably cultivated by state action.

This stylized characterization of the shifting 'rationalities' of social policy in the UK indicates that, far from 'the market' always being presented as an alternative realm to be favoured over 'the state', 'the market' is seen as the source for various models of incentives, management, and institutional design through which state practices are reconfigured. These assumptions are certainly open to criticism (see Bowles and Gintis 2006; Green and Shapiro 1994; Mansbridge 1990, Taylor 2006). But treating them symptomatically, as indicative of emergent political rationalities, underlines the extent to which the imperatives shaping public policy involve reconfiguring relationships between elected politicians, state bureaucracies, and user groups. And it also deflates policy paradigms as the primary forces driving social change, drawing into focus the ways in which policies are shaped in a broader relational context in which the meanings and content of accountability, democracy, entitlement, equality, legitimacy, and rights are objects of political contention.

A symptomatic reading of the political rationalities of post-Keynesian public policy therefore throws light on the claims of public value embedded in these apparently 'neoliberal' discourses, claims that reach beyond narrow values of efficiency or personal freedom to encompass collective goods such as accountability and trust. This not only suggests that neoliberalization might be better thought of as an *effect* rather than a cause (cf. Mitchell 1999), a response to broad secular changes in social formations. It also throws light upon the generation of new sites of political contestation. Programmes of governance also create new scenes of encounter between citizens and 'the state' (e.g. Corbridge *et al* 2006, Skelcher *et al* 2005, Barnes *et al* 2006), and by expanding imperatives to engage in collaboration, consultation, and participation, they provide differential opportunities for actors to enact and challenge assigned forms of 'citizenly' agency.

5). WHAT'S WRONG WITH NEOLIBERALISM?

This chapter has suggested various conceptual limitations of theories of neoliberalism and neoliberalization. These theories are characterised by static idealizations of the contradictions between 'the state' and 'the market' which actually reiterate the simplistic views they ascribe to neoliberal purists. They tend to suppose that changes in state activities are the outcome of 'ideational projects', a view sustained by invoking expressive concepts of ideology, culturalist conceptions of hegemony, and instrumental conceptions of discourse. They tend in turn to project a distinctive

geographical imaginary of cascading scales and spaces of diffusion, enabling highly abstract deductions about capital accumulation to be articulated with more concrete notions of the state, gender relations, racial formations, and other 'contextual' factors. And it is assumed that social formations are reproduced functionally through various mechanisms of naturalization, whether ideological or, in the Foucauldian inflection, through processes of subjectification.

Theories of neoliberalism render 'the social' a residual aspect of more fundamental processes in three ways. Firstly, social practices are reduced to residual, more-or-less resistant effects of restructuring processes shaped by the transparent class interests of capital. This means that social relations of gender, ethnicity, or race, for example, are considered as contextual factors shaping the geographically variable manifestations of general neoliberalizing tendencies. Secondly, 'the social' is also reduced to a residual effect by being considered only in so far as it is the object of state administration in the interests of economic efficiency, or to strategies of 'governmental rationality'. Thirdly, and related to this, 'the social' is construed as the more-or-less manipulable surface for ideological normalization or discursive subjectification.

This final section throws into relief the normative limitations of theories of neoliberalism. If neoliberalism is a critics' term, what are the terms of criticism invoked by these theories: *what is wrong with neoliberalism?*

The concept of neoliberalization implies that neoliberalism is both *parasitic* on and *corrosive* of other social processes, but as already suggested, the source of this doubly destructive energy is never quite specified in these theories. The immediate objects of criticism are a range of substantive and observable social harms: rising levels of socio-economic inequality, authoritarianism, corrupt government, the concentration of wealth. But these immediate objects of criticism are seen as inevitable outcomes of a system which has encouraged the disembedding of economic relations from broader structures of normative steering. It is the imputed content of neoliberalism as a narrowly individualistic, egoistic rationality that is the source of the status ascribed to it as a 'strong discourse', at once parasitic and corrosive. It is on these grounds that it neoliberalism is viewed as nothing short of "a programme of the methodical destruction of collectives" (Bourdieu 1998).

The view that neoliberalism unleashes pathological human tendencies otherwise properly held in check by collective conventions is a distinctive updating of Polanyi's view of market capitalism as an unnatural formation. What is at work here is a theoretical imaginary in which the extension of accumulation by market exchange is understood to necessarily undermine forms of social integration previously knitted together through the state. Theories of neoliberalism display an intense ambivalence towards 'the state'. On the one hand, they follow a classical Marxist view in which the state is a territorial sovereign systematically involved in the reproduction of capital accumulation. On the other, they hark back almost nostalgically to a social democratic view in which the state stands opposed to the market as a counterweight, representing an opposing principle of social integration and political legitimacy.

In accepting the same simplistic opposition between individual freedom and social justice presented by Hayek, but simply reversing the evaluation of the two terms, critics of neoliberalism end up presenting highly *moralistic* forms of analysis of contemporary political processes. In resisting the idealization of the market as the embodiment of public virtue, they end up embracing an equally idealized view of the forum as the alternative figure of collective life (see Elster 1986). For example, while Harvey insists that neoliberalism is a process driven by the aim of restoring class power, he ends his analysis by arguing that it is the anti-democratic character of

neoliberalism that should be the focal point of opposition (Harvey 2005, 205-206). But it is far from clear whether the theories of neoliberalism and neoliberalization developed by political economists, sometimes with the help of governmentality studies, can contribute to reconstructing a theory and practice of radical democratic justice. In Harvey's analysis, the withdrawal of the state is taken for granted, and leads to the destruction of previous solidarities, unleashing pathologies of anomie, anti-social behaviour and criminality (ibid, 81). In turn, the vacuum created by the withdrawal of the state leads to social solidarities being reconstructed around other axes, of religion and morality, associationism, and nationalism. What has been described as the rise of the "movement society", expressed in the proliferation of contentious politics of rights-based struggles and identity politics, Harvey sees as one aspect of a spread of corrosive social forms triggered by the rolling-back of states. In the wake of this rolling-back "[e]verything from gangs and criminal cartels, narco-trafficking networks, mini-mafias and favela bosses, through community, grassroots and non-governmental organizations, to secular cults and religious sects proliferate" (ibid, 171). These are alternative social forms "that fill the void left behind as state powers, political parties, and other institutional forms are actively dismantled or simply wither away as centres of collective endeavour and of social bonding" (ibid.).

Harvey suggests his own bundle of rights as an alternative to the neoliberal regime of rights. These include 'the right to life chances', 'control over production by the direct producers', 'to a decent and healthy living environment', and 'to collective control of common property resources' (ibid. 204). He provides little sense of how the inevitable tensions and trade-offs between these sorts of rights would be negotiated and decided in practice (beyond the reiteration of Marx's comment that 'Between equal rights, force decides' as if this were both a matter of fact and of principle). Harvey's preference for 'substantive' democracy and social justice is associated with a persistent denigration of procedural issues without which any meaningful practice of democracy is unimaginable. Harvey casts struggles for cultural, civil, sexual or reproductive rights since the 1960s as inevitably complicit with the 'neoliberal frame' favouring 'individual freedoms' over 'social justice' (ibid., 41-43). Likewise the emergence of international human rights movements and the development of non-governmental politics is damned as complicit with the 'neoliberal frame' of individual rights and privatization (ibid. 176-177). This is a travesty of complex political movements that have pioneered struggles for social justice along diverse fronts, not least when Harvey claims that these movements have not focussed on developing "substantive and open democratic governance structures" (ibid., 176).

What's really wrong with neoliberalism, for critics who have constructed it as a coherent object of analysis, is the unleashing of destructive pathologies through the combined withdrawal of the state and the unfettered growth of market exchange. 'Individual freedom' is presented as a medium of uninhibited hedonism, which if given too much free reign undermines the ascetic virtues of self-denial upon which struggles for 'social justice' are supposed to depend.

Underwritten by simplistic moral denunciations of 'the market', these theories cover over a series of analytic, explanatory, and normative questions. In the case of both the Marxist narrative of neoliberalization, and the Foucauldian analysis of neoliberal governmentality, it remains unclear whether either tradition can provide adequate resources for thinking about the practical problems of democracy, rights and social justice. This is not helped by the systematic denigration in both lines of thought of 'liberalism', a catch-all term used with little discrimination. There is a tendency to present neoliberalism as the natural end-point or rolling-out of a longer tradition of

liberal thought – an argument only sustainable through the implicit invocation of some notion of a liberal ‘episteme’ covering all varieties and providing a core of meaning. One of the lessons drawn by diverse strands of radical political theory from the experience of twentieth-century history is that struggles for social justice can create new forms of domination and inequality. It is this that leads to a grudging appreciation of liberalism as a potential source for insight into the politics of pluralistic associational life. The cost of the careless disregard for ‘actually existing liberalisms’ is to remain blind to the diverse strands of egalitarian thought about the relationships between democracy, rights and social justice that one finds in, for example: post-Rawlsian political philosophy; post-Habermasian theories of democracy, including their feminist variants; various postcolonial liberalisms; the flowering of agonistic liberalisms and theories of radical democracy; and the revival of republican theories of democracy, freedom, and justice. No doubt theorists of neoliberalism would see all this as hopelessly trapped within the ‘neoliberal frame’ of individualism, although if one takes this argument to its logical conclusion, even Marx’s critique of capitalist exploitation, dependent as it is on an ideal of self-ownership, is nothing more than a variation on Lockean individual rights.

Any serious consideration of democracy, rights and social justice cannot afford to ignore the fields of social science in which issues of rationality, motivation, and agency are most fully theorized. These often turn out to be fields normally considered too ‘liberal’ for the tastes of critical human geographers (cf. Sayer 1995). These fields can serve as potential sources for revised understandings of the tasks of critical theory, ones which do not fall back into ahistorical, overly sociologized criticisms of any appearance of individualism or self-interest as menacing the very grounds of public virtue and the common good. Problems of coordination, institutional design, and justification are central to any normatively persuasive and empirically grounded critical theory of democracy. For example, the problem central to social choice theory – the difficulty of arriving at collective preference functions by aggregating individual preferences – is a fundamental issue in democratic theory, around which contemporary theories of deliberative democracy are increasingly focussed (Goodin 2003). Likewise, Amartya Sen’s (2002) critique of public choice theory’s assumption that people are ‘rational fools’ provides the most compelling criticism of the one-dimensional understanding of rationality, motivation, and agency upon which orthodox economic and public policy depends. This critique informs the “capabilities approach” which connects key problems in welfare economics to a theory of egalitarian rights and political democracy (Sen 1999; Corbridge 2002). These are just two examples of work which takes seriously the problematization of agency, motivation and rationality in ‘rational choice’ social science in order to move social theory beyond the consoling idea that rampant individualism can be tamed by moral injunctions of the public good and weak claims about social construction.

The ascendancy of ‘neoliberalism’ as a theoretical object of approbation is symptomatic of the negative interpretation of ‘critical’ in contemporary critical human geography. Being critical, on this view, requires that one has a clear-sighted view of an object that one is *critical of*. Theories of neoliberalism provide a compelling picture of such an object, by providing an account of the displacement of socially embedded practices of reciprocity and redistribution by the pathological rationalities of market exchange. This style of theorizing leads to a mode of critical analysis in which change is always interpreted in zero-sum terms, as the encroachment of neoliberal rationalities into realms of social solidarity. It is a style of analysis that

makes it impossible to acknowledge diverse dynamics of change, and in turn remains blind to emergent public rationalities:

“If you believe in the implacable domination of economic forces, you cannot believe in the possibility of social movements; at the very best, you will see the movement of society as an expression of the systems’ internal contradictions, or as a manifestation of objective suffering and poverty” (Touraine 2001, 3).

Neoliberalism as an object of analysis is certainly a critics’ term. The explicit formulation of neoliberalism into an object of theoretical analysis in critical human geography has been associated with the turning-in of intellectual curiosity around a very narrow space, bounded by Marxist political-economy on the one side and poststructuralist political ontologies on the other. As long as this remains the horizon of normative reflection, critical human geographers will continue to always know in advance what they are expected to be *critical of* but will remain unable to articulate convincingly what they are being *critical for*.

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