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Neoliberalism, economic liberalism, 'economic rationalism': the terms evoke images of harsh, rightwing dogma and 'scorched earth' politics. To some extent these images are an accurate reflection of an existing and emerging reality. But in crucial respects they are misleading. Like the early AIDS campaign 'grim reaper' images, they frighten the children but don't provide a clear picture of the subject at hand.

Following the excellent lead in recent issues of ALR by Graham Burchell (ALR 144) and Mitchell Dean (ALR 145), we aim here to further elaborate neoliberalism. While we see neoliberalism as an increasingly successful technology of government, we certainly do not argue that ALR readers should embrace it. The policy consequences of neoliberalism are, in the main, anathema to those committed to the civilised social policy outcomes associated with social democracy/social liberalism for most of this century.

In other words, we treat the neoliberalism seriously as an influential technology of government, but we eschew both the fantasy of the Right, that neoliberalism is messianic, and the fantasy of the Left, that it is an invading force whose rumbling trucks somehow magically attract erstwhile socialists keen to 'sell out'. Here we want to present a picture of neoliberalism in practice in Britain and to briefly suggest the extent to which neoliberalism has and has not influenced government in Australia.

Neoliberalism is less a revolution in government than a reorganisation of political reason that brings it into a kind of alignment with the technologies of government that have been taking shape in liberal polities over the last two centuries. The new political initiatives of neoliberalism certainly often take the form of the attempt to make entities autonomous from the state, or rather, to make the state autonomous from direct controls over, and responsibility for, the actions and calculations of businesses, welfare organisations and so forth. But these reorganisations of government are not intelligible in terms of a simple opposition of the interventionist to a non-interventionist state. Rather, they entail the adoption by the central state of a range of different devices which seek both to create a distance between the formal institutions of the state and other social actors, and to act upon them in a different manner.

Consider the fact that in both Britain and Australia over the past ten years social security mechanisms (and especially those dealing with the unemployed) have introduced more and more measures to separate themselves as formal state institutions from the 'clients' (especially the unemployed). Rules regarding eligibility for benefits have been tightened and 'special treatment' procedures (for example for unemployed professionals) have been scrapped.

The rise and fall of Margaret Thatcher in Britain provides several crucial elements to an understanding of the nature of neoliberalism, especially its differences with liberal social democracy. Some commentators regarded the coming to power of Margaret Thatcher in Britain, and Ronald Reagan in the United States, as a 'counter-revolution' against the politics of postwar liberal democratic society. Perhaps it was. But we need to ascertain what this counter-revolution was if we are to be able to assess it. The new political climate was certainly marked by the rise of a set of political ideals articulated in a neoliberal vocabulary, and a range of programs for transforming the ways in which economic, social and personal life were to be regulated. As is well known, neoliberalism articulates itself in terms of profound hostility to the 'interventionist' state.

While, for some 30 years following the publication of Hayek's The Road to Serfdom in 1944, this hostility seemed eccentric to the main lines of political debate, from the mid-70s onwards, in Britain, the United States and Australia, the rhetoric of neoliberalism began to underpin the appeal of conservative political programs and pronouncements. In Britain, the manifesto produced by the Conservative Party prior to their victory in the general election of 1979 presented some of its key proposals in these terms. And, after her election, Prime Minister Margaret Thatcher became the most eloquent spokesperson for a politics against the state: the first principle of this government...is to revive a sense of individual responsibility. It is to reinvigorate not just the economy and industry but the whole body of voluntary associations, loyalties and activities which gives society its richness and diversity, and hence its real strength...Since Burke's time the activities of the State have penetrated almost every aspect of life...
Trouble is that when the State becomes involved in every strike, price or contract affecting a nationalised industry, its authority is not enhanced, it is diminished... In our party we do not ask for a feeble State. On the contrary, we need a strong State to preserve both liberty and order... to maintain in good repair the frame which surrounds society. But the frame should not be so heavy or elaborate as to dominate the whole picture... We should not expect the State to appear in the guise of an extravagant good fairy at every christening, a loquacious and tedious companion at every stage of life’s journey, the unknown mourner at every funeral.

Neoliberal political rhetoric thus breaks with the assumptions, explanations and vocabularies of the field of political discourse mapped out by liberal social democracy. Against the assumption that the ills of social and economic life are to be addressed by the activities of government, it deploys theories of government ‘overreach’ and ‘overload’. It counterposes the inefficiencies of planned economies to the strength of the market in picking winners. It claims that Keynesian demand management sets in motion a vicious spiral of inflationary expectations and currency debasement. And it follows the Austrian thinker Joseph Schumpeter in suggesting that big government is not only inefficient but malign.

According to this view, because parties have to compete for votes, they are pushed into making lavish promises to the electorate, fuelling rising expectations which can only be met by public borrowing on a grand scale. Further, because of the reliance of ‘the welfare state’ on bureaucracy, it is subject to constant pressure from bureaucrats to expand their own empires, again fuelling an expensive and inefficient extension of the governmental machine. Because it cultivates expectations that it is the role of the state to provide for the individual, the welfare state has a morally damaging effect upon citizens, producing expectations that government will do what only individuals actually can, engendering a ‘culture of dependency’.

The boundaries of the state are to be rolled back; society is to be made innovative, productive and fulfilled through ‘entrepreneurship’. The vocabulary of enterprise certainly has an economic reference, but its scope runs far wider. Neoliberalism argues that an economy structured in the form of relations of exchange between discrete economic units pursuing their undertakings with confidence and energy will produce the most social goods and distribute them in the manner most advantageous to each and to all. But that is not all: the rhetoric of enterprise also provides a rationale for the structuring of the lives of individual citizens and families. Individuals are to become entrepreneurs of themselves, shaping their own lives through the choices they make, striving to fulfil their aims. Families are to pursue their own ambitions, to take decisions as to their priorities and endeavour to maximise their own quality of life.
Not that the state has no part to play. The state must, first and foremost, be strong to defend the interests of the nation in the international sphere. The state also has a domestic role to play in providing a legal framework for social and economic life, and in ensuring public order. But within this framework autonomous actors—commercial concerns, families, individuals—are to go freely about their business, making their own decisions and controlling their own destinies. Many find in this emphasis on a more than minimal state in the rhetoric and programs of the new right a contradiction with the classical doctrines of neoliberalism. With degrees of stringency varying between Nozick, Hayek and Friedman, neoliberal philosophies agonise over how minimal the role of the state should be, though none argue for its strength.

But neoliberalism as a political 'rationality' is not equivalent to neoliberalism as a political philosophy—a rationality combines philosophical themes with those taken from elsewhere. Here a rhetoric of the nation, the family, the virtues of law and order, and the respect for tradition serves to align neoliberalism with traditional rightwing values, and simultaneously to open up a space for the elaboration of governmental programs.

Most of these elements of neoliberalism, as we hinted above, have applied just as much to Hawke's and Keating's Australia as to Thatcher's and Major's Britain. The rationalities and the philosophies of neoliberalism are definitely becoming part of mainstream political life in this country. However, the situation in Australia is quite different from that in Britain when the style of governing economic life is central to neoliberalism.

For neoliberalism any techniques of economic regulation must be concerned with the 'autonomy' of private enterprise. Neoliberals claim that these techniques are especially efficient because they operate by handling the multiplicity of tiny decisions and choices that constitute economic activity and which exceed the scope of even the most megalomaniac planner. And they question the possibility of the state establishing 'what is really going on' in terms of the division of state and civil society or state and market. However, while the programmatic language within which they first emerged might have deplored planning, these techniques themselves seek to govern economic actors through shaping their autonomous decisions. Crucial to this process is the emergence of managers committed to intellectual and calculative methods by virtue of their training and professional allegiances, capable of acting as relays between national economic objectives and the everyday activities of industry.

This style is much more influential in national government circles in Britain than it is in Australia. While the British government continues to deny the need for a formal prices and incomes policy and to reject direct negotiations with the nation's peak union body, for instance, Australian national government has been built around the Accord, featuring direct negotiations with the ACTU, since 1983. The British example is certainly being followed here, but only so far at the level of state governments such as Victoria. If the federal Coalition wins the forthcoming election, of course the above elaboration of the neoliberal style of governing economic life will almost certainly have to be applied to the national sphere as well as these states, and the Australian situation will much more closely resemble the British one.

None of the above is to say that a neoliberal polity like Britain is without a 'macroeconomic policy', a set of aspirations and programs for acting upon the economic life of the nation in order to promote desired economic ends. One strand of this policy is a range of diverse strategies to create and sustain a 'market', to reshape the forms of economic exchange in the direction of contractual exchange. Another takes the form of attempts at creating autonomy from (or for) 'the centre'. The first programs for this project sought to achieve it by 'hiving off' responsibilities to local authorities, nationalised industries, employers and unions. These were to function within a macroeconomic framework with an emphasis on reducing the public Sector Borrowing Requirement, limiting public expenditure, and shifting from direct to indirect taxation.

The strategy here was to marginalise the problems stemming from macroeconomic policies, as well as to increase the influence of local citizens, consumers and union members over their respective organisations. As macroeconomic problems grew, these economic failures were attributed to the resistance to economic change mounted by powerful interest groups and institutions. So neoliberalism altered its strategy, seeking new ways to bolster the autonomy of the central state by changing the power networks within which these resisting organisations and institutions operated. Hence, while monetarism began life as a technique for taking policy decisions out of politics, making them 'automatic', it ended as a mechanism for re-establishing the role of politicians, enabling them to wield influence over employment levels and the like by decisions controllable by central governments.

The privatisation programs of the new neoliberal politics have formed perhaps its most visible strand, and one most aligned with the political ideals of market versus state. Cutting free utilities such as (in Britain) gas, phone and water, business such as the car and armaments
industries, and organisations such as airlines from the 'dead hand' of 'state control' holds out the promise of killing many birds with one stone. To neoliberals it realises money to the central exchequer, frees the taxpayer from the burden of supporting unprofitable enterprises, exposes these businesses to the invigorating discipline of competition as well as the bottomless resources of the money markets, and generalises share ownership thereby linking citizens into the social body as owners rather than as subjects. We can certainly query whether the enterprises so freed were indeed unprofitable to begin with, and whether the quasi-monopolies that have in some cases been created do not even allow us the pleasure of empirically testing the supposed virtues of the market. Yet the transformation in the balance of political forces inaugurated by these programs and their enactment should not be underestimated.

In terms of economic regulations at least, a rigid distinction between nationalised and private enterprises is misleading. On the one hand, the degree of political direction over the activities of nationalised companies is variable but small—perhaps the principal form of intervention is or was the provision or refusal of investment capital. On the other hand, private sector enterprise is open to the many strictly speaking non-market mechanisms that have proliferated in advanced liberal democracies, with the rise of managers as an intermediary between expert knowledge, economic policy and business decisions. Of course, 'market forces' intersect in different ways with investment decisions and the like when businesses are no longer formally owned by the state, as do the imperatives to profit. But this reconstruction of the form of economic regulation is less a revolution against the failure of central planning than a recognition of the difficulty of constructing a centrally planned economy, of the illusions of knowledge and power that such rationalities embodied.

Another central programmatic plank of the new neoliberal rationality is hostility to 'intermediate institutions'. These are centres of institutional power distinct from the central state yet not apparently subject to the disciplines of the market. The attack on the power of the trade unions, the attempt to transform local government, hostility to 'quangos'—all these appear, on the surface, to be of a piece. In Britain, some intermediate institutions have been abolished—most notably the Greater London Council—while others have had their powers transferred from the periphery to the centre, as in the reduction of the autonomy of local authorities. The most significant has been the creation of a new intermediate space, neither private nor public, for the operation of regulatory bodies.

In Britain this has taken two forms. The first is the statutory creation of self-regulatory bodies operating within a framework of law. One example of such an arrangement is the establishment of a Securities and Investment Board under the Financial Services Act. The SIB will have substantial powers to authorise or refuse investment activity, thus possibly putting firms out of business. It will further delegate responsibility to five other self-regulating organisations responsible for various sectors of the financial services industry. These will have considerable powers, the Security Association responsible for the London Stock Exchange having an enforcement division of 120 with powers to seize documents and interrogate employees.

A second form of intermediate institution that has thrived within neoliberal government is a version of what has been termed 'private interest government'. This form of government is an arrangement (according to two recent analysts, Street and Skinner) 'under which an attempt is made to make associative, self-interested collective action contribute to the achievement of public policy objectives'. But in effect, such government by private interest embraces a range of intermediate organisations, from those regulating advertising standards to those regulating the dairy industry. Such entities act to translate between considerations of public policy and pressures for private profit. Formed by central government itself, though independent of its direct control, they nonetheless act to link the calculations and actions of very different organisations and businesses into a governmental network, falling outside the philosophical divisions of state and market.

At the rhetorical and programmatic level, neoliberalism also embodies a profound transformation in the mechanisms for governing social life. In place of collective provision and social solidarity the new rationality of government proposes notions of security provided through the private purchase of insurance schemes, health care purchased by individuals and provided by the health industry and efficiency secured through the discipline of competition within the market. The public provision of welfare and social security no longer appears as a vital part of a program for political stability and social efficiency.

Central to such a transformation has been a series of programs and strategies that have sought to penetrate the professional, political and bureaucratic bastions of welfare. Neoliberal programs to reform welfare draw support from their echo of a range of other challenges to the mechanisms of the welfare state.

Many radicals and socialists have argued that welfare has more to do with legitimating power than with equity.

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than with equity or justice. Sociologists have portrayed the helping professions as moral entrepreneurs manipulating moral panics to their own ends. Feminists have interpreted welfare as imbued with a familial and patriarchal ideology. Civil libertarians have criticised the discretionary power of welfare professionals and bureaucrats, seeing in it a violation of legal standards and rights. Experts have argued that welfare does more harm than good, creating dependence, stigmatisation and destroying the ties of family and relationship that were the true guarantors of social and mental health. And the newly constituted welfare consumers began to assert their own demands.

Monetarism has played a key role in breaching the ramparts of the welfare state. For example, when contemporary British hospitals are required to translate their therapeutic activities—from operating theatres to laundry rooms—into cash equivalents, a new form of visibility is conferred upon them, new relations established and new procedures of decision-making made possible. Making people write things down and what things people are made to write down is itself a kind of government of them, an encouragement to think about and note certain aspects of their activities according to certain standards. The figures themselves transform the activity: they enable new standards to be constructed and new comparisons and evaluations made.

The monetarisation of health through the mechanism of budgets and through the various devices of health economists effects a fundamental transformation in the power relations of the health apparatus. It is not an attempt to impose a power where previously none existed, but rather to transform the terms of calculation from medical to financial, and hence to shift the fulcrum of the health network from the consultants to the managers. And far from autonomising the health apparatus, power is relayed back from the operating theatre to the cabinet office, for the resources in which managers calculate are those controlled largely at the centre: money.

The rejigging of the apparatus of welfare put in place in the period since the end of the war entails the attempt to 'privatise' certain activities that were previously provided within the institutional apparatus of the state: in Britain the transfer of housing from local authorities to private landlords and housing associations, the attempt to redirect provision of hostels and the like to the 'voluntary' sector. No doubt much could be said about these programs and their objectives. Here only one point can be made.

Within the institutions of the state, welfare bureaucracies were a swarm of small fiefdoms riven with inter-professional rivalries, each trying to turn policy objectives, programs and resources to their own ends, to increase their resources, their staff, their status and power at the expense of others. The devices of the welfare state bear witness to the continual failure of policy makers to enrol social actors into a stable network that would allow 'action at a distance' from the centres of deliberation and calculation into depths of the social body. Relocating aspects of welfare in the 'private' or 'voluntary' sector does not necessarily render them less governable, although clearly different procedures and alliances are involved in constructing networks outside the institutions of the state. However, the opposition between state and non-state is inadequate to characterise them.

Neoliberalism also entails a reorganisation of programs for governing personal life. The language of the entrepreneurial individual, endowed with freedom and autonomy, has come to predominate over almost any other in ethical evaluations and the evaluation of programs of government. Neoliberalism's aim is to create a sphere of freedom where autonomous agents make their decisions, pursue their preferences and seek to maximise their own quality of life. The political subject is now less a social citizen with powers and obligations deriving from membership of a collective body, than an individual whose citizenship is active. An individual's citizenship is manifested not in the receipt of public largesse, but in the energetic pursuit of personal fulfilment. The vocabulary of enterprise translates between the ethics of government, programs for economic health and the values that are to structure the lives of individuals. Individuals are to strive to fulfill themselves, families are to calculate and plan to maximise their own qualities of life, and citizens are not to rely on the state to provide assistance to the needy but are to engage themselves directly in philanthropic projects which will assist others at the same time as they improve the self.

This account of neoliberalism is detailed enough to dissuade simplistic comparisons between Britain and Australia. There are points of similarity and some points of difference between the roles and states of development of neoliberalism in the two nations. Moreover, as Australia is a federation, a proper understanding of neoliberalism in this country must be an understanding of its 'progress' in each state as well as at the federal level. Whatever Jeff Kennett says or does, we urge readers to keep in mind that neoliberalism is a reorganisation more than it is a revolution.

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