

The Discursive Politics of Neoliberalism



P.W. Zuidhof

Imagining Markets:
The Discursive Politics of Neoliberalism

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Imagining Markets:
The Discursive Politics of Neoliberalism

Ingebeelde markten:
de discursieve politiek van het neoliberalisme

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Dr. W. Schinkel
Prof.dr. E.M. Sent



"Don't think of them as terrorist states. Think of them as terrorist markets."

Source: Mick Stevens, *The New Yorker*, May 12, 2003, 39.

To my parents

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Introduction

The Challenge of Neoliberalism

“Don’t think of them as terrorist states. Think of them as terrorist markets.” Thus reads a cartoon published in *The New Yorker* in May 2003.¹ The picture depicts a boardroom or seminar room. Seven people have gathered around a shiny conference table and brought notebooks, coffee, soft drinks, a cellular phone, and a laptop computer. Their attire is formal and office-like. The men are wearing jackets and ties, the women prim jerseys or dresses, and all have conventional haircuts. Almost all are donned with glasses. The room exudes power: its windows reach from floor to ceiling, there is art on the wall, the table is ostensibly big, the swivel chairs seem comfortable, and there is ample space. The person chairing the meeting is sitting at the top of the table in a bigger, executive type of chair. Outside, through the window, one can half see the top of the capitol building, the seat of Congress, flying a flag. The participants are all turned toward the person sitting at the head of the table, with their mouths closed. They are listening in an attentive, somewhat subservient manner, but appear open and dignified. The person that presides over the meeting is more senior. He is speaking – his mouth is opened – with his arms crossed. He sits back however, leaning against the chair. His notes lie untouched in front of him. He speaks to no one in particular, but with authority and poise he states: “Don’t think of them as terrorist states. Think of them as terrorist markets.”

Funny? Yeah! But why? The statement does not really make much sense, literally speaking. Published at a time when the US is engaged in a global war on terror, one is obviously grappling with the question of how to battle terrorism. In a context in which one searches for the appropriate strategies to fight global terrorism, asymmetrical warfare, and networked armies of warriors, the speaker in the cartoon offhandedly offers a solution that is as straightforward as simple. Using one of the creative tools of the consultant or policy advisor, he proposes to alter the way one conceives of the problem, so as to be able to imagine new and resourceful solutions. Responding to the question of how to fight the threat of terrorism, he proposes viewing terrorist states as terrorist markets. While the persuasive appeal

¹ Cartoon by Mick Stevens, *The New Yorker*, May 12, 2003, 39.

to think differently may make sense, the imagery really does not. What are terrorist states? Is it a reference to so-called rogue states or state supported terrorism, or does it designate state terrorism and states ruled by terror? Strictly speaking, the terrorist acts of 9/11 were not perpetrated by states, but inflicted by non-state actors. While this presented the legal and strategic problem of how to respond to these non-state actors, the US Administration nonetheless eagerly overcame this problem by semantically bending the terrorists threat back to a legally and strategically more tractable entity, namely the state. From the outset, the US Administration has extended its war on terror to 'states harboring terrorists,' or states that 'sponsor' or 'support' terrorism, and thus semantically tied terrorism to states, which were conveniently grouped into the 'axis of evil.'

Taken literally, the idea of a terrorist state may still tie in with the prevailing discourse of the war on terror, but to speak of terrorist markets hardly makes any sense at all. What is a terrorist market, where could it be found and what is traded there? Does it refer to markets in so-called terrorist states, such as Afghanistan or Iraq? Or perhaps, in analogy to abstract markets for coffee or grain for instance, is it the place where terrorism is bought and sold, and hence a metaphor for the forces at play in the recruitment of terrorists? With some imagination one could find two possible referents for the image of a 'terrorist market.' One is that it could stand for a situation in which weapons and other materials may inadvertently reach 'terrorist markets.' Alternatively, in a more technical sense it could refer to so-called policy analysis markets (PAM). Policy markets are used to predict events by creating a virtual market where predictions are traded as futures. The idea is that because policy markets offer an incentive to those who have additional knowledge about for instance future terrorist events, it effectively utilizes all available information to predict the likelihood of certain outcomes. Two months after the cartoon was published, it became known that the Defense Advanced Research Projects Agency (DARPA) unit of the US Department of Defense headed by John Poindexter, had developed a 'terrorism market' as a tool to predict the likeliness of future terrorist attacks. As soon as it became public, it was met with outrage and the project was subsequently terminated.² It is doubtful however, whether the cartoon had these

² The public responses to the DARPA program could be read as an interesting commentary on our cartoon. A number of commentators saw it plainly as a distasteful joke. Senator Boxer (D, Calif.) for instance said: "I don't think we can laugh off that DARPA Program. There is something very sick about it" (*The Washington Post*, July 30 2003). Also Senator Dorgan (D, N.D.) in his comment to the Senate, stated that he first thought the program were a joke: "I thought immediately, this clearly must be someone who went to the Onion and it is a spoof. No, it is not" (*Congressional Record – Senate* July 28 2003). Then Senator Hillary Clinton (D, N.Y.) called it a "futures market in death" (*CNN*, July 29, 2003). One of the major mobilizers of the opposition to the program, Senator Wyden (D,

very specific instances in mind when it invoked the notion of terrorist markets. Neither does it make much sense to juxtapose them to the idea of terrorist states. Even with these broad references, the idea of terrorist markets hardly makes any sense. With the concept of terrorist states and terrorist markets both virtually devoid of any meaning, the joke remains increasingly enigmatic. Taken literally, with the references to non-existent terrorist states and terrorist markets, the cartoon is nonsensical.

Cartoons and jokes of course, should never be taken literally. The whole point is that they play on saying what cannot or ought not to be said. One interpretation would be that this joke mocks the terrorist state lingo that emerged in the discourse of the war on terrorism. While that may be true, the juxtaposition with the nonsensical 'terrorist markets' however, suggests a broader point. Central to the joke is the replacement of the word 'state' by 'market,' which is reinforced by the repetition of similar sentence structures. What makes the joke funny is not just the play on the terrorist state lingo, nor the apparent nonsense implied by terrorist markets, but the suggestion of their interchangeability. 'Terrorist states' may be a conflation produced by the Bush Administration, but what makes the statement absurd is the casualness of replacing it by an even greater misnomer, namely 'terrorist markets.' In my reading, by juxtaposing the Bushism of terrorist states with the nonsensical image of terrorist markets, the cartoon ultimately mocks the easiness with which markets are imagined to displace states. The cartoon can only deliver its joke, because it plays on some preconceived idea about the interrelation between the market and the state. It plays on the common view that the market and the state are, to a large extent interchangeable and that markets ought to displace states. The central concern of the cartoon, as I see it, is to mock this presumed market-state displacement. Overlaying this commonly held market-state displacement with overstated terrorist imagery, the cartoon aims to poke fun at it. In a Freudian sense one could say that the cartoon releases a deeply held unconscious wish or desire in order to then suppress it. The cartoon is venting the fantasy of the market-state displacement to subsequently rein it in again. As such, the cartoon is hardly concerned with terrorism, which only serves as a grateful vehicle to mock the market-state displacement. Rather, the cartoon responds to a

Ore.) saw it as a case of market economics gone awry: "This is far-out stuff ... Trading on corn futures is real different than trading on terrorism and atrocity futures. One is morally fine and represents free enterprise, and the other one is morally over the line" (*MSNBC*, July 29, 2003). This assessment was not shared by the economist and acclaimed textbook author Hal Varian. In his economics column in *the New York Times* (July 29, 2003), he said of the plan: "It was a good idea, killed by terrible public relations."

strongly held yet ambiguous desire among readers of *The New Yorker*, to replace the state by the market. Depending on one's political views, one may either enjoy the release of the unconscious wish, or its containment.

It is somewhat surprising that this cartoon was published in *The New Yorker*, especially at the time. Like the real New Yorker, its sense of humor is wry and understated but its cartoons are always very decent, verging on being corny. Despite the magazine's liberal leanings, its cartoons are hardly ever political or engaged with current events. It is therefore remarkable to encounter a cartoon dealing with terrorism. Curiously, one of the few other cartoons that refers to terrorism was published less than two month earlier and similarly ties the issue of fighting terrorism to the market-state displacement. This one depicts a father that is about to leave home to go off to work and who tells his son who is blocking his way to the door: "Daddy's going off to defeat terrorism in subtler, economic ways" (Peter C. Vey, *The New Yorker*, March 17, 2003, 86). For reasons that are worth exploring elsewhere, post-9/11 concerns with terrorism proved a suitable conduit for raising concerns about the market-state displacement.³ The primary concern of this thesis is with the intellectual challenges posed by the market-state displacement and the ease with which markets are imagined as an alternative for government.

The Challenge of Neoliberalism

The cartoon is a telling example of a broader development in contemporary political discourse. It illustrates how pervasive the market-state displacement is and alerts us to how widespread the unconscious desire is to have markets replace states. It is an intriguing example of how contemporary political discourse casually replaces the state by the market as the main political category. The market appears to have become one of the principal ideas for understanding, structuring and guiding the questions of politics and government. As illustrated by the cartoon, today less and less brows are raised when one calls for delegating some tasks of the state to the market, even for otherwise highly sensitive political issues such as terrorism and national security. Economic concepts, and especially the market, have quietly entered, infiltrated, and captured our political imagination. Terrorism and security aside, it has for quite some time become customary to think of many

³ The tying of the market-state displacement to the issue of fighting terrorism appears a running interest at the time. As a counter-image to the one we started with, another cartoon from the same period depicts a similar boardroom scene. Now it features a president asking the military advisors present at the table: "This stock market situation – what are the military options?" (David Sipress, *The New Yorker*, August 5, 2002, 6).

areas of political life as if they were markets. Through consecutive waves of deregulation, liberalization, and privatization, we have increasingly been urged to think of a great variety of goods, in terms of markets. Without difficulties we can think of markets for healthcare, welfare, education, science, public transport, utilities, pensions, and even the military and prisons. Also less tangible goods like the environment, property rights, blood and body parts, international aid, children, humans, and sex are easily talked about in market terms. It is not unthinkable to imagine a market for basically anything. Largely at the expense of states, markets and market imagery have taken a firm hold over political discourse.

The advance of the market and accompanying demise of the state is hardly a recent development. Already since the 1970s the market seems to be on the rise, displacing the state in its wake. Processes of globalization and global economic integration have dramatically increased the reaches of the market and its march into hitherto unexplored terrains. Consecutive rounds of trade negotiations at the GATT and later WTO have opened markets worldwide and contributed to global trade liberalization. At the same time, changing trends in economic policy led to the opening and transformation of growing numbers of markets, both nationally and internationally. Economic reform packages imposed by the IMF and World Bank, through structural adjustment processes for instance, have had a tremendous impact on the economies of Latin America, Africa, and Asia. Regional integration, as exemplified in the formation of the European Union has unmistakably reinforced the turn towards the market. In response to globalization and the need for economic restructuring, national governments have enacted a variety of market-friendly measures, such as the deregulation and liberalization of markets or the privatization of formerly state run organizations. The fall of the Berlin Wall and subsequent economic changes have provoked the extension of the market on a magnanimous scale in the former Eastern bloc and Soviet Union. The rise to economic power of China has propelled this otherwise socialist state to increasingly turn towards markets. These and many other developments made that the market is increasingly perceived as the panacea for virtually any political question. Forty years ago, trade in emissions permits would have seemed like a fanciful idea, outsourcing of military services or privatization of penitentiary services deemed irresponsible, and a market for private pension savings-accounts or collateralized debt obligations unimaginable.⁴ An extensive mix of strategies,

⁴ Mirroring the logic of our cartoon, the following anecdote illustrates that even a commentator like Thomas Friedman can only express his neoliberal fantasies by means of a joke: "I was once musing with Geoff Baehr, chief of network designs for Sun Microsystems, about where all this

including but not limited to liberalization, privatization, deregulation, commodification, marketization, flexibilization, and financialization has transformed societies all over the world in the name of the market.

To describe the global turn away from states and towards markets, one commonly uses the term neoliberalism. Since the 1970s, it is claimed, the world has undergone a neoliberal revolution of sorts (viz. Duménil and Lévy 2004; Harvey 2005; Robison 2006). Neoliberalism is generally viewed as a policy agenda, mode of governance or ideology that favors the market over the state (viz. Steger and Roy 2010). It has been associated with a variable mix of policy measures, many of which have typically been associated with the so-called Washington Consensus, such as deregulation of the economy, liberalization, privatization of state enterprises, competitive exchange rates, openness for foreign investment, financial liberalization, protection of property rights, fiscal discipline, reduced government, and tax reform (viz. Williamson 1990). Neoliberalism is also used to designate the ideology that motivates these policy measures. While there is no single founding source of neoliberalism, the economic crisis of the 1970s gave way to a myriad of new ideological formations that all centered on the idea of the market, such as Thatcherism or Reaganomics in the 1980s. Slightly transformed, these ideas lived on during the 1990s, with Blair and Clinton's Third Way, and a host of other national varieties such as the policies of '*Paars*' in the Netherlands,⁵ or 'Rogernomics' in New Zealand. The intellectual origins of neoliberalism are even harder to pinpoint. While neither explicitly invoked neoliberalism, Hayek and Friedman are typically pointed at as the intellectual founders of neoliberalism (viz. Harvey 2005; Steger and Roy 2010). The Mont Pèlerin Society that was founded by Hayek in 1947 and of which Friedman was a member, is seen as serving as an important node in the shaping of a "neoliberal thought collective" (Mirowski and Plehwe 2009). Ideologically however, neoliberalism presents itself hardly as an unequivocal doctrine. Other than free market policies, monetarism and supply-side economics but also (neo-)conservative ideas have often been mixed into the

democratization of technology and means of production might lead. The more Baehr and I thought about all this, the more devilish our thoughts became. 'Now that we can provide all these previously nontradeable services through networks, like the Internet, why not outsource your government too?' asked Baehr. Think about it – you could outsource your commando operations and border guard jobs to the Russians. You could have the Indians keep your country's books and the Swiss run your custom service. You could have the Germans run your central bank. You could have Italians design all your shoes. You could have the British run your high schools. The Japanese could run your elementary schools and your trains" (Friedman 2000, 52-53).

⁵ In Dutch *paars* means purple and was used to refer to a coalition of Social Democrats, Liberal Democrats and Conservatives.

formula. Despite its unclear pedigree, the term neoliberalism has evolved as a convenient label to capture a variety of political projects that invoke the image of the market and raise it against the state. Nowadays, through the efforts of a wide network of state and non-state political actors, neoliberalism is considered to have become hegemonic (viz. Plehwe, Walpen, and Neunhöffer 2005) and the “pensée unique” of our times (Bourdieu 1998). Against this background it is not hard to view the cartoon as a comment on the perceived hegemony of neoliberal political thought.

To recognize that the cartoon is a commentary on a pervasive neoliberal sentiment only marginally reduces the puzzlement it produces. Either from political theory, moral philosophy, political economy or economic theory, one is all too familiar with the protracted debate about the merits of the market vis-à-vis the state, and the virtues and vices of economic liberalism. One of the pertinent questions with regard to neoliberalism however, is how exactly it fits in with this long-lasting debate over the relation between markets and states. The cartoon only highlights this question. What makes its call to replace states by markets specifically neoliberal and to what extent is it different from standard pleas for economic liberalism that we have known from the various branches of political and economic thought? Put in general terms, what defines neoliberalism and to what extent is neoliberalism different for instance from classical economic liberalism? This, I think, is one of the main intellectual challenges posed by neoliberalism. This thesis seeks to explore these intellectual challenges by studying what distinguishes neoliberalism and how it affects our modern political understandings. A vivid illustration of the challenge of neoliberalism, the cartoon already offers some clues towards an answer. Intuitively, neoliberal policies and ideologies appear quite distinct and very different from classical liberal economic ones. As the cartoon signifies, there is something excessive or exuberant about the market-state displacement of neoliberalism. Imagining terrorist markets as a solution for the problem posed by terrorist states, is obviously stretching the customary ways of thinking about the interrelation of the market and the state. Interpreting the exuberance of this and other expressions, I contend, is the key to deciphering the challenge posed by neoliberalism.

Neoliberalism as a Discursive Politics of the Market

Many critics of neoliberalism have tried to capture the exuberance of the market imagery in neoliberalism. The cultural critic Thomas Frank for instance, documents in *One Market under God* (2001) how the market has become an

important cultural icon which invaded public discourse and our cultural imaginations. Frank (2001, 29) for instance points out how a variety of cultural techniques, ranging from advertising, business journalism, management books, to cultural studies have created a brand of “market populism” – he cites Newsweek columnist Robert Samuelson’s locution “the Market ‘R’ Us” – in which ‘the market’ is equated with ‘the people’ to the point that the market became to be seen as more democratic than conventional institutions of a democracy. In an attempt to address the excessive market imagery of neoliberalism, critics resort to all sorts of market-based neologisms. Like Thomas Frank, one turns for instance to religious imagery to speak of neoliberalism as a “market theology,” or the gospel of “free-market religion” (e.g. Cox 1999). In secular terms, one invokes the image of a “free market mythology” (viz. Perelman 2006) or “The Cult of the Market” (Boldeman 2011). The market is especially concatenated with political images, as in Frank’s “market populism,” or when neoliberalism is put down as a form of “market democracy” (Chomsky 1999), “market liberalism,” or instead described as a form of “market dictatorship” (Attali 1997). The specter of terrorism is once more raised to bring out the character of neoliberalism, for instance by Henry Giroux in his book, *The Terror of Neoliberalism* (2004). It has especially become fashionable to refer to neoliberalism and its policies as a form of “market fundamentalism,” a depiction that has been popularized by the likes of George Soros (e.g. 1998) and notably Joseph Stiglitz (2002) in his critique of the IMF. These examples indicate that with neoliberalism, the market has emerged as a powerful image that spectacularly altered our thought and speech not only in political and policy discourse but public discourse at large. I imagine that major market philosophers from the past such as Adam Smith, Karl Marx and even Friedrich Hayek or Milton Friedman would have great difficulties understanding what is meant by some of these terms. The perceived exuberance of neoliberalism can therefore be traced to how the image of the ‘market’ was mobilized and developed into a powerful signifier to re-imagine and rearticulate many important spheres of life.

The New Yorker cartoon pointedly makes clear that neoliberalism relies on the work of metaphor. Rather than straightforwardly instructing the participants in the boardroom that terrorism should be fought at the market, the message is to fight terrorism *as if* it were a market. Neoliberalism, I would claim, always entails mobilizing the market in a metaphorical sense. The message of neoliberalism is consistently a metaphorical one: think of ... as a market, (and govern it

accordingly).⁶ Neoliberalism invites us to imagine virtually everything as a market, ranging from health care, universities to the military, pensions, personal relationships, families, ethics, aesthetics and the state and politics itself. The excessive quality of neoliberalism is therefore found in its use of the market as a metaphor and its ability to displace the state.

The assessment in this thesis of the challenge of neoliberalism and its politics of the market, will therefore begin by distinguishing literal references to the market from metaphorical ones. Others pointed out before that in assessing the politics of markets it is important to recognize that we often speak of markets in metaphorical terms. In *Contested Commodities*, the legal philosopher Margaret Radin (1996) begins her analysis of what goods can properly be bought and sold, by distinguishing literal from metaphorical markets. As against literal markets where goods are exchanged for money, at metaphorical markets there are no actual exchanges involving money but entails interactions that “are talked about as if they did” (3). Radin employs the term market rhetoric to refer to the vocabulary or discourse in which metaphorical markets emerge. Radin claims that on a theoretical level for instance, Chicago scholars such as Becker and Posner engage in market rhetoric, and “in doing so they extend the market, metaphorically at least, beyond what we are conventionally comfortable with” (4). In her view, by conflating literal and metaphorical markets, market rhetoric may give way to what she calls universal commodification. It means that goods are solely viewed as alienable market goods and only have exchange value. In her book, Radin argues for the importance of incomplete commodification. This is the view that complete commodification is not, and should not be applicable to most cases of goods. Without further engaging with the details of Radin’s account, her conceptual distinction between literal and metaphorical markets raises an important insight. Among other things, her book analyzes some of the normative implications of the metaphorical extension of the market. While she exclusively concentrates on the metaphorical extension of the market in (mostly economic) theory, I would argue that neoliberalism is founded on an analogous use of metaphorical markets, but in political discourse. Neoliberalism relies on metaphorical markets and market rhetoric to rearticulate our political understandings. Without her calling it as such,

⁶ Strictly speaking, the correct rhetorical term is that the market is used here as a *simile*, because the market is likened to the state by explicitly using ‘as.’ Although metaphor is defined as the non-literal use of a word without explicit mention of ‘as if,’ it is also often used as a general label for all sorts of non-literal uses of terms (viz. Lanham 1991). I will use the term metaphor in this latter, broader sense to imply that the references to the market are non-literal.

Radin's book could be read as a normative analysis of the metaphorical politics of neoliberalism.

By drawing attention to the fact that neoliberalism relies on metaphorical markets and market rhetoric, the intellectual challenge posed by neoliberalism is to further specify the nature of its political project. Apart from the question which will be addressed in chapter 3, whether neoliberalism should be construed as either ideology, policy agenda or rather something else, it needs to be determined what kind of political project it amounts to. The hypothesis of this thesis is that neoliberalism is best understood as a kind of discursive politics. By discursive politics, I broadly mean a type of politics that achieves its goals discursively, by rearticulating a prior structure of understanding. Every form of politics of course avails itself of discourse, for example when 'neoliberals' call for the liberalization of certain markets. The concern here is however not with this more narrowly defined discourse of politics, but rather with the politics of discourse (*viz.* Connolly 1993, 221).

Put very schematically – although the dividing lines are ultimately hard to draw – my idea of neoliberalism as a discursive politics differs from conventional conceptions of politics in claiming that in important respects neoliberalism depends on language and discursive means to attain political effects. The basic idea is that discursive interventions impact the way we perceive the organization of the social world and how we conceive of the good life. Where traditional, for instance liberal conceptions of politics take the organization of social life largely as given and view politics as a contest of preferences and opinions, discursive politics affects the constitution of our social world and our conceptions of the good life. Rather than asking for the liberalization of markets, the discursive politics of neoliberalism mobilizes the metaphor of the market to rearticulate how we to think of a certain area of life.

The idea of discursive politics as pursued in this thesis, is not unique but inspired by a longer tradition within poststructural political thought and discourse theory as found with Laclau and Mouffe (2001), Butler (1993, 1997), Shapiro (1981, 1984), or Connolly (1993). One of its insights is that discourse is inherently political because discursive constructions inevitably privilege certain aspects over others. The flip-side of this insight is however that any discursive construction is fundamentally unstable and subject to rearticulation. Laclau (*e.g.* Laclau 1996, 2000, 2008) at times emphasizes that rhetorical displacements or "topological substitutions" are indispensable in mediating the rearticulation of existing discursive structures. Shifts in discourse are always topological as they allow for

the making and breaking of the discursive field. The political power of metaphor then is its capacity to rearticulate a certain discursive field. Since the market metaphor performs such a function in neoliberalism, it seems particularly relevant to approach neoliberalism as a discursive form of politics. Neoliberalism is then best characterized as the discursive politics of the market metaphor. Not all politics surrounding neoliberalism is always necessarily discursive in this strong sense and no doubt also amounts to conventional contests over preferences and opinions. Our first brush with neoliberalism here however suggests that its most important challenge is its discursive politics.

This thesis studies the discursive politics of neoliberalism, both theoretically and empirically. Since the discursive politics of the market continues to have a tremendous impact on contemporary political discourse, it is relevant to assess its effects. As the discursive market politics of neoliberalism particularly challenges our traditional views of the interrelation between the market and the state, the main question is to determine how the discursive politics of neoliberalism re-imagines the way this relation is perceived. This way, neoliberalism calls for a re-evaluation of the intersections between economics and politics. How do the manifold ways of spreading market metaphors displace and destabilize existing understandings of the relation between markets and states? What is at stake in the invitation of neoliberalism to imagine markets for everything and especially as a substitute for the state? As we will see, the central issue behind neoliberalism's rewriting of the relation between the market and the state is that the latter challenge our traditional view of how to govern and how to conceive of government. The argument of this thesis is that the discursive market politics of neoliberalism inaugurates new ways of conceiving of government. The main task of this thesis is to assess exactly how neoliberalism is rewriting our view of government, and to determine what its political consequences are.

Neoliberalism has of course been studied before. Traditionally it has been approached either as a form of ideology or as a set of policies (see Larner 2006 for a useful classification). Testifying of the dearth of intellectual analysis of neoliberalism and the challenge posed by neoliberalism to delineate its intellectual orientation, there have been many casual statements about its ideological precepts but hardly any sustained studies of it. One exception is Rachel Turner's intellectual history of neoliberal ideas (Turner 2007, 2008). There have also been plenty of accounts that have studied the policies of neoliberalism and attempted to assess its effects and shortcomings, often with a certain Marxist bend (e.g. Duménil and

Lévy 2004; Robison 2006). These studies are probably outnumbered by the type of studies that looked at the global dissemination of neoliberalism (Campbell and Pedersen 2001; Fourcade-Gourinchas and Babb 2002; Mirowski and Plehwe 2009; Plehwe, Walpen, and Neunhöffer 2005). The abundance of the latter kind of studies reflect that neoliberalism has particularly provoked an interest into its intractable ascendance to global hegemony. Recently, studies inspired by Foucault's later work have approached neoliberalism as a governmentality (e.g. Bröckling, Krasmann, and Lemke 2010; Brown 2003, 2006; Lemke 2001) and, as will be motivated below, this thesis joins in that tradition. Despite this wealth of research on neoliberalism there has however been little attention for the discursive aspects of neoliberalism. Although it is often alluded to and mentioned as an important feature of neoliberalism (e.g. Bourdieu and Wacquant 2001; Fairclough 2000; Harvey 2005), the discursive aspects of neoliberalism have hardly ever been the subject of extensive study. Notable exceptions are the work by Stuart Hall (1988) on Thatcherism or Hay (2001) on the proliferation of neoliberalism in Britain, but none of these explicitly address and study the discursive play around the market that seems to be such a vital element in neoliberalism. This thesis is a first attempt to fill this gap.

Reading the Discursive Politics of Neoliberalism

The cartoon offered a telling illustration of the challenge posed by the discursive market politics of neoliberalism. One aspect of the cartoon has not been addresses yet. Who are these people and where are they meeting? Could it be an interesting site to study the discursive politics of neoliberalism? Its proximity to the United States Capitol, suggests that the participants occupy some chamber of power. But what chamber of power? Are they a corporate headquarters where one is seeking political influence, or one of the offices of government? One can only guess. We are however somewhere outside the domain of immediate executive political power. Perhaps we are inside one of the strategy units of the Pentagon, such as that of the previously mentioned DARPA, where they are planning new strategies for the war on terror. Or, it could be any other policy office of any department of the federal government.

An alternative interpretation is that the cartoon depicts one of the archetypal offices of discursive politics, those of so-called think tanks. The term 'think tank' supposedly refers back to when during WWII, secure rooms were constructed where important policy makers could draw up new strategies (Abelson 2002, 8). Nowadays, 'think tank' has become a popular name for so-called independent

policy research institutions. In the United States alone, it is estimated there are approximately over 1600 independent policy institutions, the majority of which are based in Washington D.C (Abelson 2002).⁷ Think tanks are policy institutions that operate independently from government and are neither part of formal research institutions such as universities, nor do they render their policy services for a fee like consultants. They are generally viewed, both in the literature and by themselves, as being in the business of providing policy ideas and influencing political decision-making (Abelson 2002; McGann and Weaver 2000; Ricci 1993; Rich 2004; Smith 1991b; Stone 1996). Relying on a bit of market rhetoric, think tanks have regularly been portrayed as either “dealers of second-hand ideas” borrowing a phrase from Hayek (viz. Desai 1994; Stone 1996), as entrepreneurs on “the marketplace of ideas” (viz. Abelson 2002) and as “idea brokers” (viz. Smith 1991). Think tanks could therefore be seen as prime examples of a discursive player whose daily business is to engage in discursive politics. While they are definitely not the only ones, considering their position in the shadows of political power however, think tanks are potentially a rich source for studying neoliberalism’s discursive politics.

Think tanks have universally been ascribed an important role in the rise of neoliberalism and free market policies. In the literature on neoliberalism, think tanks have always featured prominently in explaining its rise to hegemony (George 1997, 1999; Harvey 2005; Plehwe, Walpen, and Neunhöffer 2005; Steger and Roy 2010). While the primary focus of the political science literature on think tanks is with their function in the political system, their contribution to the diffusion of free market policies is often cited as an example (e.g. McGann 2010; Stone 1996). Also historians who studied the rise of free market economics, Thatcherism, or neoliberalism never fail to point at think tanks as major gateways in particular for the political dissemination of academic economics (e.g. Backhouse 2005; Cockett 1995; Kelley 1997; Mirowski and Plehwe 2009). Examining think tank discourse may therefore promise an ideal insight into the discursive politics of the market.

The second part of this thesis is devoted to studying the market discourse of think tanks. Chapter 4 offers a reading of neoliberal discourse at major US think tanks while chapter 5 studies their equivalent in the Netherlands. The purpose is to identify the various discursive strategies of neoliberalism in order to pinpoint how they rearticulate the relation between the market and the state. How do think tanks mobilize the notion of the market, and how do they rephrase the way markets and

⁷ In a more recent global review of think tanks, McGann (2011) finds that in the United States there are by far the most think tanks (i.e. 1816). The Netherlands ranks 20th with 53 think tanks.

states relate to one another? What view of government is articulated in their discourse about the market?

In anticipation of the analysis, it should be clear that there is no single neoliberal discursive strategy, not even within one think tank. While typical neoliberal patterns can definitely be identified, the analysis is not intended to arrive at a representative overview of neoliberal discourse, if that would be possible at all. Nor is it meant to determine impact, a question typically raised with regard to think tanks (viz. Rich 2004), and which remains especially relevant with respect to claims made about the role of think tanks in the dissemination of neoliberalism. The analysis here focuses on the discourse of neoliberalism and therefore seeks to register diversity and contrast so as to grasp the versatility of its market politics. The selection of think tanks and their textual sources analyzed is, as a consequence, reasonably arbitrary. Cases are selected with a view to showing the variety in discursive strategies, and to suggest that the appeal of the market is far from unambiguous.

Similar reasons motivate the choice for contrasting American think tanks with their equivalent in the Netherlands. To begin with, it should be noted that the independent American policy think tank that operate at the intersections of academia, politics, and political interest groups, has practically no equivalent in the Netherlands. The prevalence of the think tank in the US is often explained by referring to the open nature of the American political system with its relatively loosely structured political parties and the distance between the executive and civil service for instance (Stone 1996; Weiss 1992). In the parliamentary system of the Netherlands, where parties rely more on well-defined political programs, have their own scientific bureau, and where policy making in the civil service is tightly connected to the executive, there is much less room for the interventions of independent policy makers. As a functional equivalent of the independent American think tank however, I will consider Dutch advisory councils, such as The Scientific Council for Government Policy (WRR) or The Social and Economic Council of the Netherlands (SER), but also departmental advisory councils. Although these advisory councils have a statutory status and resort under government departments, their mandate is to give independent, expert advice on policy matters. They are generally composed of academics.

Contrasting the market discourse of independent policy research in the US and the Netherlands, offers a much wanted insight into the potential similarities and differences between the discursive strategies of neoliberalism within the US and Continental Europe. From the perspective of a traditionally Northern European

welfare state such as the Netherlands, US political discourse is often perceived as overly market-loving. In the US on the other hand, market discourse in Europe is often portrayed as exceedingly government-centered, bordering on being socialist. Writing for the Heritage Foundation, Markheim and McNamara (*Webmemo*, No. 1720, 5 December, 2007) for instance claim that “for Europe to realize its true potential – and be a real economic leader – it must suppress its socialist inclinations and embrace open markets and competition.” How does neoliberalism fare in these diverging political cultures? Distinct political traditions may inspire and require distinct discursive strategies. Against these divergent political backgrounds, the idea of the market may also be employed to articulate dissimilar political projects. A comparison of American forms of neoliberalism with Dutch strands of neoliberalism affords us a richer perspective on the divergent political cultures of market discourse.

In the popular narrative about neoliberalism, the marketization of political discourse is besides think tanks, often attributed to another culprit. It typically portrays economists and the discourse of economics as having had considerable sway over public discourse and as having colonized the neoliberal mind. Whether in the form of the rise of free-market economics (Backhouse 2005) or as the mainspring of neoliberalism, economics is generally perceived as the intellectual advocate of the market and market discourse. In these discussions, economists such as Hayek and Friedman or schools of thought like the Chicago School have become iconic references (George 1999; Harvey 2005; Klein 2007; Steger and Roy 2010). As a consequence, the popular narrative represents neoliberalism is either a victory of neoclassical economics (e.g. Fullbrook 2006; Harvey 2005, 20), the triumph of Monetarism over Keynesianism (Lapavitsas 2005; Palley 2005), the triumph of “orthodox free trade theory” (Shaikh 2005, 42) or a mix thereof augmented with supply-side economics, rational expectations, or public choice (e.g. Blyth 2002). As the chief knowledge discourse about the market and the economy, economics is of course easily credited with being the main advocate of free market thought and the observed neoliberal changes in political discourse. While economics unmistakably has had its impact on neoliberalism, the historical and intellectual links are perhaps less straightforward than they are presented here (Mirowski 2006; Mirowski and Plehwe 2009).

The influence of economics and economists over public discourse is hardly ever assessed (viz. Cordes, Klammer, and Leonard 1993; Frey 2006; Klammer and Meehan 1999). If there is any immediate influence of economists and academic economics

over policy, it is most likely to move about in roundabout ways or to get twisted along the way (an interesting example is given in Gordon (1994)). To assess the impact of economics on neoliberalism, if feasible at all, would then require a full-blown historical study. As with the analysis of think tank discourse however, our interest lies not with determining influence or impact *per se* but rather with understanding the discursive politics of neoliberalism and its affinity with economic discourse. It is for the present purposes of this thesis therefore worth examining whether there are similarities between the discourse of economics and contemporary neoliberal discourse and to determine where the two diverge. How is the relation between the market and the state articulated in the discourse of economics and are similar views on government encountered in the neoliberal discourse? Does neoliberal discourse on the market rely on discursive strategies that are similar to those encountered in economics?

As a way of studying the market discourse advocated by economics, chapter 2 considers the portrayal of the market in introductory economics textbooks. One of the many ways economics exercises its influence over the public mind is through its educational texts. As Paul Samuelson, author of the best-selling introductory textbook, famously stated in an interview: “I don’t care who writes a nation’s laws – or crafts its advanced treaties – if I can write its economic textbooks” (cited in Skousen 1997, 150).⁸ In the US alone, economics textbooks are read by over one million students on an annual basis (Sweeney et al. 1983). Textbooks thus are an important channel for propagating economic knowledge. An even more important reason for studying textbooks is that they form an interesting proxy for the discourse of economics. Because their goal is to initiate and introduce a student into the field economics, textbooks provide a sort of self-image of the discipline. Textbooks offer a reflection on what the discipline holds to be its key insights. This thesis studies the discursive strategies used by the textbook to introduce the idea of the market. How do they portray its relation to the state, and what is their political narrative about the market? What discursive strategies do economists rely on in their teachings about the market and how do these figure in rearticulating the relation between state and market? To what extent can their discursive strategies be construed as neoliberal? We will see that just like political discourse on the market, the discourse of economics is far from homogenous. Despite the perceived hegemony of for instance neo-classical economics, there is within the textbook

⁸ Samuelson allegedly agreed to receiving lower royalties for international editions of his textbook claiming that his “interest was not so much in dollars as in influencing minds” (quoted in Gottesman, Ramrattan, and Szenberg 2005, 98).

discourse of economics no single narrative about the market, and its political function.

It was suggested above that neoliberalism is upsetting the conventional image of the relation between the market and the state. To begin our assessment of the discursive politics of neoliberalism we need to revisit the conventional picture it is supposed to replace. One of the pertinent features of the discursive politics of the market is that it challenges our modern notions about market politics. Its continuous rearticulation of the relation between market and state, I will argue, is gradually undermining the received, modern liberal view of the market. As a backdrop for our reading of the discursive politics of neoliberalism, chapter 1 offers an account of what I will call the modern view of the market and its relation to politics. Drawing on work by Charles Taylor and Michel Foucault it explores the intellectual origins of the modern view. In the modern view, the economy and the political were essentially seen as two separate, yet mutually dependent domains. The modern view of the market however cannot be viewed in isolation of a larger conception of politics and government. Both authors show how the modern view of the market was integral to the formation of modern liberal conceptions of government, in which the market is presented as posing a limit to government. In these modern conceptions of government, the market or the economy present a kind of natural constraint for what political action can achieve. Blurring the lines between the market and the state, the discursive politics of neoliberalism evidently challenges the modern liberal idea of government to articulate a neoliberal one.

While there are sufficient reasons for approaching neoliberalism as an identifiable and distinct political project, I have from the outset been somewhat hesitant about adopting this label. One reason is a slight unease with the popular narrative about neoliberalism as it has made its round in the world, the media, the Internet, and afterwards in academia. One of the intellectual challenges posed by neoliberalism is that despite the abundance of popular and often highly acute accounts, it has nonetheless remained very elusive and hard to classify. Chapter 3 will therefore address these difficulties in order to develop an alternative account of neoliberalism built around the idea of the discursive politics of the market. As I will spell out in this chapter, there are at least four reasons why neoliberalism appears as a curious and atypical political project. Neoliberalism is elusive for instance because it is mostly used by its critics and it is therefore unclear who identifies with it. Neoliberalism also appears elusive because it lacks identifiable intellectual or ideological origins. Another reason why neoliberalism is elusive is

because of how it is perceived to attain its hegemony. And as said, it is unclear how neoliberal precepts about the market are different from traditional liberal conceptions of the market. As the popular accounts of neoliberalism tend to overlook some of these issues, many are found wanting. Before we study how think tanks discursively appropriate the market, it is therefore useful to once more define the key features of neoliberalism. Drawing on Foucault's work on neoliberalism in his lectures of 1978 and 1979 at the Collège de France, I will develop an alternative account of neoliberalism. On the basis of Foucault's notion of a neoliberal governmentality I show how neoliberalism could be construed as a discursive politics. In offering a more distinctive definition, my aim is to restore and reinvigorate neoliberalism as a useful category for describing and understanding important developments in contemporary political discourse.

Theorizing the Discursive Politics of the Market

Theoretically, this study of the discursive politics of the market draws on and contributes to two quite distinct bodies of literature. To begin with, it is in many ways inspired by the rhetoric of economics program pioneered by Deirdre McCloskey and Arjo Klammer in the 1980s. Originally conceived as a contribution to the methodology or philosophy of economics, McCloskey and Klammer challenged what they called the positivist or modernist methodology of economics by arguing that economics is rhetorical. In *The Rhetoric of Economics* (1983), originally an article in the *Journal of Economic Literature* and later a book (1985, 1998), McCloskey elegantly shows how economic inquiry critically depends on rhetoric and how economic knowledge is discursively mediated. She argues therefore that the official, positivist or modernist methodology of economics is misguided and not in tune with the practices of economics. Arjo Klammer's *Conversations with Economists* (1984), a book with interviews with prominent New Classical and Keynesian economists such as Lucas, Sargent, Taylor, and Blinder, testifies of the deeply rhetorical character of economic science. McCloskey and Klammer urge economists and methodologists alike to acknowledge the rhetorical character of economic inquiry. They call on economists to abandon their self-conscious positivist and scientific language in their arguments, and methodologists to reorient their philosophical arguments around the notion of rhetoric and conversation.

The rhetoric of economics program has earned its place among economic methodologists, but has always been met with considerable skepticism. While many acknowledged that economics has a rhetorical 'aspect,' they resisted the far-

reaching consequences for economic methodology proposed by McCloskey and Klammer. Uskali Mäki, one of its most serious interlocutors, for instance argued in ‘Diagnosing McCloskey’ that the claim that economics is rhetorical or has a ‘rhetorical aspect,’ does not preclude, and in fact can only be meaningful if one subscribes to a view of “truth as some kind of correspondence” (Mäki 1995, 1316). The latter is the bedrock of the modernist methodology of economics that McCloskey sought to dispose.

My diagnosis, *pace* Mäki, of why the rhetoric of economics program made little inroads into the methodological debate, is that it perhaps did not press the rhetorical nature of economic knowledge far enough. By focusing nearly exclusively on the rhetorical nature of economic inquiry, the rhetoric program tended to understate the rhetorical character of what economics is about: the economy. This way the rhetoric program may have set itself up for the critique, the obverse of Mäki’s, that it continues to rely on some version of a correspondence theory of truth in how it portrays the relation between a rhetorical economics and the object of that rhetoric, the economy. By holding on to a separation between economics-is-rhetorical on the one hand and the-economy-is-not, the rhetoric of economics program brings in through a backdoor the very modernist methodology it resisted. The only way to avoid these pitfalls is to radically accept the discursive character of economic categories, which requires extending the rhetorical view beyond the realm of academic economics. For the rhetoric of economics program to come full circle, its rhetorical analysis should be extended beyond the domain of economics and include the plethora of other discourses in which the economy is being articulated. The challenge of the rhetoric of economics program is hence to live up to McCloskey’s funny dictum, that it “is rhetoric all the way down” (1980, 8).⁹ Aware of the challenge, Klammer and McCloskey (1995) already made some initial steps in this direction and they have repeatedly recognized the need to do so (e.g. McCloskey 1994, 379). The rhetoric of economics program may have had little impact on changing the methodological foundations of economics, it has however unmistakably contributed to putting the discursive nature of economics and economic discourse on the theoretical agenda.¹⁰ There remains however a

⁹ In *If You Are So Smart: The Narrative of Economic Expertise*, McCloskey (1990, 8) relates a joke about an Indian guru and his disciple, to suggest that it is rhetoric all the way down. The disciple asks what supports the earth. The guru answers it is supported by a giant turtle. When the disciple next asks what supports the turtle, the guru answers that a giant elephant supports it. Inevitably the question arises as to what supports the elephant. The guru finally ends all questions by replying, that it is elephants all the way down.

¹⁰ Note, that I quietly switched from rhetoric to discourse. I believe that some of the pitfalls of the rhetoric program have precisely to do with its conception of rhetoric and could be overcome if one

considerable challenge for taking the rhetoric of economics beyond economics and into the economy proper.

This way, I side with the postmodernists or better, poststructuralists (see for example contributions in Cullenberg, Amariglio, and Ruccio 2001; Ruccio and Amariglio 2003), who gladly embraced the rhetoric program and carried it forward. While sympathetic to the rhetoric of economics program, they also criticized the project and insisted that the initial project should be taken beyond its original methodological confines. Jack Amariglio (1990) for instance pointed out that there is a tendency in the rhetoric program to be overly concerned with the form of economic discourse, while not getting their fingers burnt on its 'content.' While McCloskey subverted the perception of how economists conduct their business, she is according to Amariglio hesitant to question the very economic concepts, categories, and theories used. Along similar lines, Amariglio and Ruccio (1999) criticized McCloskey for privileging economics as the sole knowledge discourse concerning the economy. If economics is rhetorical and is performing rather than truthfully describing the economy or how we perceive the relation between the market and the state for instance, then the discourses of economic institutions, policymakers, consultants, and economic news, may perform a similar role. Why then, would the rhetoric of economics be in any way superior? Everyday discourse or even popular culture, ranging from advertising, movies to pop-music may be just as important in writing our economy (Frank 2001; Ruccio 2008; Ruccio and Amariglio 2003). The poststructural critique thus compels a more comprehensive conception of rhetoric and economic discourse.

The poststructural critique has been inspired by with the work of a broad variety of authors, ranging from Foucault, Derrida, Lyotard, to Deleuze. As the label suggests, poststructuralism is a response to structuralism. It on the one hand subscribes to the structuralist position that meaning only exists within a discursive structure. On the other hand, it maintains contrary to structuralism that this discursive structure is always limited, incomplete and is not fully self-determined. There is always some remainder beyond that structure. While meaning thus

were to embrace the idea of discourse. The main reason is that the notion of rhetoric assumes a separation between on the one hand the realm of rhetoric, language, representation, and even discourse, and a realm of the world out there, the real. This implicit notion of truth as correspondence, is one of the reasons why methodologists such as Mäki can accept the idea of economics as being rhetorical and still remain wedded to a modernist methodology. One can only relinquish oneself of this implicit notion of correspondence, if one accepts that economics and the economy are both rhetorical. In my view, the notion of discourse or discursiveness is a more accurate way of referring to this more encompassing view of rhetoric – to use McCloskey's terms: "it's rhetoric all the way down."

depends on the structure of discourse, because of the fundamental incompleteness of discourse it is however always subject – when pressed – to being subverted, destabilized or deconstructed. When it comes to the economic domain then, the implication of these very basic poststructural precepts is that not only the discourse of economics, but also the economy itself is discursively mediated. As such it entails an *anti-economistic* reading of the economy and the market (viz. de Goede 2003, 2006). Rather than exclusively reducing the economy and the market to its pre-discursive materiality, it is argued that even the materiality of the market is always discursively mediated and according to the poststructuralist always subject to discursive rearticulation. In this sense, the economy is always already a political economy.

It is now easy to see how the rhetoric of economics program and the poststructuralist critique serve as an inspiration for the current project of studying the discursive politics of neoliberalism. In the first place, it has opened up the idea that economic concepts such as the market are discursive and hence open to topological displacement. Its anti-economistic reading of markets created the sensibility required for recognizing discursive play on the market in neoliberalism. Secondly, because it stimulates one to think of the economy itself and not just the field of economics as discursively mediated, it makes one aware of how neoliberalism as a discursive politics has far-reaching material consequences. Thirdly, if the economy is viewed as a discursive construct, then economics is just one among many discursive practices that produce truths about the economy. This compels one to look not just at economics but at a host of other discursive sites for studying the discursive politics of neoliberalism.

The rhetoric of economics program heightened our sensibility for the rhetoric of the market and its discursive politics. To assess the implications of the discursive politics of neoliberalism for political thought however, we are in need of a more analytical political perspective. That analytical perspective is found in Foucault's work on governmentality. Foucault's ideas on governmentality offer a productive theoretical prism for analyzing the changing political rationalities and changed conceptions of government that neoliberalism produced.

Foucault first introduced the neologism “gouvernementalité” or “governmentality” in his lectures at the Collège de France in the academic years, 1977-1978 and 1978-1979. The lectures have not been published for over 20 years and only recently appeared in an English translation as *Security, Territory, and Population* (2007) and *The Birth of Bio-Politics* (2008). Despite the fact that for

quite some time one could only rely on short excerpts (e.g. Foucault 1991, 1997a, 1997b) and some summary accounts based on archival research (e.g. Gordon 1991; Lemke 2001), Foucault's notes on governmentality instantly caught on and have by now inspired a burgeoning field of studies on governmentality (e.g. Barry, Osborne, and Rose 1996; Bröckling, Krasmann, and Lemke 2010; Dean 1999; Lemke 2011; Nadesan 2008; Rose, O'Malley, and Valverde 2006; Rose 1999). While the piecemeal availability of the lectures may not have contributed to the coherence of its presentation in the secondary literature, the recent publication of the integral text in English offer the opportunity to return to some of Foucault's original formulations.

While Foucault initially set out to study "bio-power" (2007, 1), the lectures developed over time into what he called a general "history of 'governmentality'" (2007, 108). Throughout, Foucault was concerned with the historical a priori of modern political power and government. Although Foucault uses the term in multiple ways, governmentality generally refers to the notion of political or governmental rationality.¹¹ Governmentality is introduced by Foucault to denote the rationality or legitimization of government. The general point of the lectures is the historical claim that from early modernity onwards, political power is increasingly thought of, rationalized, and legitimized in governmental terms. Displacing earlier conceptions of political power that were typically rooted in sovereignty, the modern way of thinking about political power increasingly understands it as a form of government. The exercise of political power is less and less legitimized by referring to the interests of the sovereign but increasingly depends on appeals to how well one governs. In modernity, Foucault claims, political power has become governmentalized. Besides this general argument, Foucault also uses governmentality to describe a particular political or governmental rationality. As we will see, Foucault lectured extensively about liberalism as a governmentality to describe the governmental rationality of liberalism. In these analyses, he spells out the defining features and rationality of liberal conceptions of government to see what are the assumptions that legitimize liberal policies and liberal practices of government. His central claim is that with liberalism a new rationality of government was engineered which was based on the idea that society is governed best when left as much as possible to its own devices.

¹¹ In the famous 'Governmentality' lecture of February 1, 1978, Foucault discerns three meanings to the term. First, it describes the ensemble of practices through which modern, governmental political power is exercised. Second is to describe the emergence and pre-eminence of governmental conceptions of power. Thirdly, it denotes the increasing "governmentalization" of the state (Foucault 1991, 102-103; 2007, 108).

Liberalism then entails an art of government in which the best government is a limited government.

In the 1978-1979 lectures on *The Birth of Biopolitics*, Foucault examines how in the twentieth century some of the liberal modes of government are undergoing transformations and he develops an interest in what he labels a neoliberal governmentality (Lemke 2001; Tribe 2009). Analyzing the work of ordoliberalism and some of Gary Becker's Chicago-style economics, Foucault delineates a German and American neoliberal governmentality. Lecturing on these topics at the end of the 1970s, slightly before the appointments of Thatcher and Reagan and well in advance of the onset of most neoliberal policies, Foucault is today often credited for his prescient analysis of neoliberalism. Although it remains an open question as to whether Foucault's stance toward what he branded neoliberalism could unequivocally be applied to our modern day versions of it,¹² Foucault's general analysis of the neoliberal governmentality offers a promising point of departure. As this thesis seeks to make clear, the shift from liberal to a neoliberal governmentality in Foucault can be attributed to a transformed role of the market that is much akin to the one identified in the cartoon above.

For Foucault obviously, governmentality whether liberal or neoliberal, neither equals ideology nor a set of policies, institutions or practices. In line with Foucault's general philosophical approach it rather amounts to an inquiry into the political rationality that speaks through these ideas and practices in order to draw out the historical conditions of possibility of modern political practices and thought. The contribution of the governmentality lectures is on the one hand to argue that modern political thought has become inherently governmental, meaning that it permanently revolves around questions of government. Secondly it invites all sorts of inquiries into particular government rationalities, opening up ways of analyzing the shifts and competing rationalities in all sorts of areas of government. As such, it has proven to be a productive source of inspiration as it inspired a plethora of governmentality studies that emerged in virtually every field of government.

There are two reasons why Foucault's work on governmentality is particularly relevant to study the discursive politics of neoliberalism. The first is, and this will be addressed in more detail in chapter 1, Foucault points out that the emergence of the modern liberal governmentality depended critically on the 'discovery' of the modern economy. Our modern ideas of politics and government in particular, only

¹² For a perceptive argument against such a quick historical smoothening see Behrent (2009).

emerged in close relation to the development of modern ideas about the economy and the market. It indicates that modern ideas of politics and government are fundamentally intertwined with ideas about the economy, and would never have developed in isolation thereof. The notion of governmentality is thus specifically suited to capture the governmental rationality that speaks from a specific articulation of the relation between the market and state. This way the governmentality approach provides an ideal lens to study the changing relation between the market and the state by viewing it as the expression of a changing governmentality. It offers the much needed background for analyzing the shifting boundaries between the state and the market brought about by the discursive politics of neoliberalism.

The second reason follows from the first and relates to Foucault's analysis of neoliberalism. As said, Foucault made some important steps towards identifying the defining features of a neoliberal governmentality. As we will see in chapter 3, Foucault's analysis offers a clear distinction between the governmental rationality of liberalism and neoliberalism. It will help us address one of the main challenges of neoliberalism, which is to point out how it differs from liberal views of government. As said, Foucault specifically ascribes the break between liberalism and neoliberalism to a changing conception of the market. As we will explore in much more detail, the changing conception of the market intimated by Foucault, plainly corresponds with the discursive politics of the market. When viewed against the background of Foucault's analysis of governmentality, the discursive politics of the market could be read as destabilizing the existing liberal governmentality to construct a novel, neoliberal governmentality.

This introduction opened with a cartoon in which the anguish over terrorism met with hesitations concerning neoliberalism. While terrorism is still with us and the war on terror is still raging in various parts of the world, its concerns appear to be overshadowed by the impact of another global threat, this time in the form of a financial crisis. Set off by a mortgage crisis in the US, it metastasized into a banking crisis and later a sovereign debt crisis, to become a global financial crisis. While such a crisis of global proportions knows no single origin, it is often believed that neoliberal trends in the financial industry have played a key role in provoking it. While the financial crisis is still unfolding, speculation immediately arose as to whether it inaugurates the end of neoliberalism as we knew it (e.g. Duménil and Lévy 2011; Harvey 2009). While it is still too early to judge whether and how the global financial crisis and its many offshoots may be affecting our

existing political imaginary, a sound understanding of neoliberalism and its discursive politics is a prerequisite.

To begin our inquiry into how the discursive politics of neoliberalism is challenging our conceptions of modern political power, chapter 1 revisits the modern origins of liberal government and how it views the relation between economics and politics.¹³ In chapter 2 we will explore how the discipline of economics as seen through its own textbooks relates to this modern outlook. Chapter 3 addresses why neoliberalism has proven to be so elusive and offers an account of the discursive politics of neoliberalism that may explain some of its problematic features. Chapter 4 and 5 finally study the discursive market politics of US and Dutch think tanks respectively. The conclusion then addresses the question of exactly how neoliberalism challenges and departs from our modern liberal conception of government. Is neoliberalism and its discursive market politics an intensification of our modern liberal ideas about economic and politics or does it present us with more sweeping and irreversible challenges, that force us to drastically reevaluate the relation between the market and the state?

¹³ The expression ‘economics and politics’ as used here is hopelessly imprecise. As it is used here, as often done elsewhere, it refers in broad sense to the domain of ‘the economic’ and the domain of ‘the political’ however conceived, and their interrelation. This diverges from the exact meaning of the two terms, whose conjunction hardly makes sense. Economics typically refers to the study of the economy or the academic discipline of economics. Otherwise it is used to refer to the economic aspects or forces of a certain phenomenon (e.g. ‘the economics of the housing market’). The exact meaning of politics as anything that has to do with the practice of political affairs, the forces that make up that system, and sometimes the science that studies it.

Chapter One

The 'Modern' Market

Introduction

In the introduction it was suggested that something has dramatically changed in the way the market features in political discourse. A cartoon that said “Don’t think of them as terrorist states, think of them as terrorist markets” was cited to illustrate that in our day and age we have become much more imaginative in how we use the notion of the market. The task we put ourselves to, was to figure out what the political stakes are behind this imaginative market rhetoric. To address how this use of the idea of the market is in any way novel however, requires that we determine the background against which it appears as revolutionary. The cartoon obviously plays on our preconceived ideas about the market and its relation to the state. But what are these preconceived ideas of the market, the state, and especially their interrelation? And how do these ideas structure the way we typically approach political questions concerning the market? The aim of this chapter is to unpack these preconceived notions about the relation between the market and the state. It is argued that together they constitute what I want to call a modern view of the market. In a nutshell, in the modern view the market and the political domain are presented as two independent and opposing spheres. This modern dichotomy is deeply engrained in our political discourse.¹⁴ As such, it fundamentally affects the way we think about political and economic issues and particularly how we are to approach political questions that concern the market and the economy. Any analysis of the challenges of contemporary market rhetoric should hence start by sketching the outlines of the modern view of the market.

To unpack the modern view of the market, I will draw on Charles Taylor’s work on modern social imaginaries (viz. Taylor 2004) and in particular, Michel Foucault’s analysis of modern liberal governmentality (viz. Foucault 1991, 2007,

¹⁴ Bobbio (1989) has shown how modern political thought is characterized by what he calls ‘the great dichotomy.’ Its most prominent appearance is in the form of a dichotomy between public and private, which has given way to many other famous dichotomies. It has for instance also been duplicated into the dichotomy of political society and economic society (15). Bobbio’s purpose with the notion of a dichotomy is to show the dialectical interrelation between many opposing pairs of political categories.

2008). The choice for these two authors is motivated by the fact that they, independent of one another, have offered a unique view of the modern outlook on the market and its function in modern political thought. Notwithstanding their differences in philosophical orientation, Taylor and Foucault tell a surprisingly similar story about our modern political outlook. Especially, as I will show, they both award a central role to the idea of the market and economic thought in the development of modern political thought.¹⁵ While political modernity has already been studied from a host of different perspectives, what sets the accounts of Taylor and Foucault apart is their emphasis on the imaginary or governmental rationality that enabled it. Both Taylor and Foucault read modernity not primarily as the emergence of new social practices or ideas, but rather as a shift in how we imagine our political order. What is more, for both the emergence of that modern idea of political order appears in important ways to be mediated by the idea of the market and the burgeoning science of political economy. Where the market and economic thought are normally presented as peripheral to political thought, Foucault and Taylor view modernity through the lens of how it has defined the relation between the economic and political sphere. Hinging critically on a modern idea of the market, their accounts may serve as a fertile ground to tease out the central features of the modern political attitude towards the market.

The Centrality of the Market for Modern Political Thought

Modernity is generally associated with the differentiation of society through the emergence of a variety of modern institutions, such as the market or market economy, the nation state, and civil society. In these accounts, the market is typically presented as one among other modern social institutions that defined modernity. Here I present two authors who treat the market not as one modern institution among the many, but who appear to argue that the modern idea of the market is in fact constitutive of a distinctly modern outlook on politics. It is for these reasons that I want to probe how these authors conceive the role of the market in modernity and delineate the key features of the modern conception of the market.

¹⁵ Taylor and Foucault are not the first to identify the significance of economic ideas for modern political thought as this has been pointed out before and in much greater detail by intellectual historians such as Pocock (1990), Dunn (1990) and Hont (2005). What makes their perspective unique is the way in which they attempt to characterize our entire modern political outlook along these lines.

The Market in the Modern Social Imaginary

One way to approach the question of how we are to characterize our common conception of the market and its relation to politics, can be found in Charles Taylor's work on modern social imaginaries. In a short book titled *Modern Social Imaginaries*, Taylor (2004) offers an intriguing account of our modern political outlook. Starting with the observation that "from the beginning, the number one problem of social science has been modernity itself", Taylor (2004, 1) argues that modernity is characterized by a particular way of understanding itself. He claims that roughly with Grotius and Locke a new self-understanding of moral and political society emerges that gradually came to define modernity. Taylor refers to this modern self-understanding with the term, modern social imaginary. Using the idea of an imaginary, Taylor is referring not to ideas or social theories, but rather the background notions or presupposed understandings that are a requisite for making sense of society and against which modern ideas and institutions are formulated. The imaginary facilitates us to picture society, imagine its order, to envision new institutions or practices, enable them to function, legitimate them, and to facilitate their change. By using the concept of a social imaginary Taylor explicitly differentiates his approach from those who read modernity in terms of ideas or institutions (viz. 2004, 2). Taylor's point is to claim that modernity is defined by a novel way of imagining and making sense of social order. Taylor presents his account of the modern social imaginary as part of a larger debate on "multiple modernities" or "varieties of modernity" (e.g. Gaonkar 2002), which deals with the question to what extent modernity is a singular phenomenon that applies equally to the West as elsewhere. In addition, returning in his sweeping *A Secular Age* (2007), the account of modern social imaginaries especially appears to serve as prelude to Taylor's analysis of secularism and the altered place of religion in our modern times.

What then does the modern social imaginary consist of? In Taylor's account, the modern Western social imaginary comprises a new vision of moral and political order. The innovation of Western modernity is that it envisions order in terms of the mutual benefit of equal participants. Ascribing the early origins of the modern social imaginary to Grotius and Locke, Taylor claims that in modern times society is increasingly viewed as existing for the mutual benefit of its participants. It imagines society as an order that consists of individuals whose social interactions serve to benefit one another. As such, it departs radically from pre-modern visions, where the order of society was envisaged as rooted in mythic, religious, cosmological or hierarchical sources. For Taylor, the social order of

mutual benefit in the modern imaginary consists of four main elements. First, it imagines society as being comprised of “disembedded” individuals. It secondly perceives the purpose of society as serving these individuals. Thirdly, it perceives the securing of the freedom and rights of individuals as key to achieving social order. Finally, the social order of mutual benefit is seen as the best way of securing the equality of the participants in society. Taken together, with the modern social imaginary we have started to view our social world as a society and we understand its order in terms of how it benefits its members. The slow and protracted march of this modern social imaginary has been defining our modern age.

Throughout the book, Taylor shows how the modern view of society has animated a whole range of modern developments, such as the “disembedding” of the individual, the emergence of a public sphere, the public/private distinction, the idea of a sovereign people, and a new place of religion in society. Taylor shows for instance how the idea of mutual benefit helped us to imagine the public sphere. He argues how the public sphere is a typical modern phenomenon, that could only emerge because we could imagine it as some “metatopical space” in which arguments and viewpoints are exchanged as part of one big debate that is conducted to our common benefit (viz. Taylor 2004, 99). Similarly, Taylor shows how the notions of popular sovereignty and democracy rest on the modern imaginary. He gives the example of elections for instance, to show how this practice can only function and be meaningful when seen against the background of a society of mutual benefit: individuals go out to vote because they view it as serving their mutual interest while this practice secures their freedoms and rights and guarantees a sense of equality. Similarly, the modern social imaginary helps imagining the notion of popular sovereignty, as government by the people for the people.

Given the emphasis on mutual benefit, it is not difficult to see how our modern ideas of the market and the economy have been critical within the development of the modern social imaginary. Taylor repeatedly states that economic imagery obviously inspired the modern imaginary, with the economy its first and most obvious manifestation. Referring to Locke’s initial accounts of the society of mutual benefit, Taylor states that, “‘economic’ (i.e. ordered, peaceful, productive) activity has become the model for human behavior and the key to harmonious coexistence” (15). The modern imagination of order as mutual benefit almost naturally implies the idea of the market or economy: “The fundamental model seems to be what we have come to call an economy” (71). Since the modern vision imagines society as consisting of individuals interacting for their mutual benefit,

this new order is often imagined in analogy to the market: “because the whole theory emphasized a kind of profitable exchange, one could begin to see political society itself through a quasi-economic metaphor” (71). Yet, as Taylor argues, new economic ideas about the market are not merely metaphors that sparked a new understanding of modern order. The image of the market thus appears to have been highly instrumental in the development of a typically modern way of imagining social and political order and gave rise to one of the most characteristic modern inventions, that of the economy:

And so perhaps the first big shift wrought by this new idea of order, both in theory and in social imaginary, consists of our coming to see our society as an economy, an interlocking set of activities of production, exchange, and consumption, which form a system with its own laws and its own dynamic. (76)

With the idea of the market, the economy also came to be imagined as an important – if not the most important – goal of political life: “But the economy could become more than a metaphor: it came to be seen more and more as the dominant end of society” (72). Taylor has thus made clear that the political order of modernity critically hinges on the modern idea of the market. In the first place, the idea of the market was highly congenial to, if not constitutive of our modern way of imagining social order. In addition, the market and the modern idea of the economy could be seen as the first manifestations of the modern social imaginary. The economy, finally, is moreover imagined as the most important object and goal of political intervention.

In order not to misconstrue his ideas, it is important to reiterate how Taylor exactly constructs the idea of a modern social imaginary. For Taylor, a social imaginary is essentially “that common understanding that makes possible common practices and a widely shared sense of legitimacy” (22). With this definition, Taylor emphasizes that the imaginary is commonly shared and not an idea, ideology, or social theory that is held by some group. Rather, it is the common notions that are widely shared and needed for practices to function and for ideas or ideologies to make sense. The modern imaginary is the background that makes modern ideas and institutions intelligible and warrants their legitimacy. Presenting the general conditions of intelligibility, the social imaginary is hence a way to capture the predicament of our modern age. Because we share the modern imaginary for instance, we understand what a demonstration is about, we can think up new forms of political action, and we know what is meant by saying that the economy will be important in the next elections.

Aware of the fact that his account of modernity as the long march of the modern social imaginary “may smack to some readers of idealism” (31), Taylor argues

against an overtly simplistic idealist-materialist dichotomy. In such a dichotomy, societal changes are ascribed to either idealist or materialist forces. Taylor contends that it is both theoretically and historically impossible to unequivocally disentangle the two in every case. His take is that material practices require a social imaginary in order to function. At the same time, the imaginary only finds expression in material practices. I take it that for Taylor the modern social imaginary is neither an idealist explanation of historical change nor the refutation of materialist forces, but rather what connects them. It is his way to capture the distinctly modern attitude that is presupposed by, and speaks through the modern practices, rendering them intelligible.

Although Taylor's work on the modern social imaginary did not generate much response nor meet much resistance, one criticism that has been raised is that besides being overly idealist it is overly communitarist too. Yack (2005) has argued for instance that the idea of a modern imaginary attributes an excessive sense of order and coherence to the modern project and thus potentially underplays the many crosscurrents that existed throughout the modern era too. Taylor's emphasis on the Grotian-Lockean vision of modern moral order may block alternative imaginaries from our view.¹⁶ One could therefore charge that Taylor does not live up to his own promise of delivering an account of modernity that is sufficiently plural and acknowledges the multiplicity of modernity. He does not address how his account of a Western modern social imaginary, relates to non-Western imaginaries. Are those also based on the notion of mutual benefit, or do they present altogether different imaginaries? The main question concerns the multiplicity of Western modernity. To what extent does Taylor allow for the existence of multiple imaginaries within Western modernity, and do these in some way or other all relate back to the idea of a society of mutual benefit, or rather is there a multiplicity of imaginaries that mesh and contradict one another?

These questions aside, we turned to Taylor to gain a deeper insight into the place of the market in our modern worldview. Taylor argued that there is a distinctively modern way of imagining social order. Moreover, it could be learned from Taylor that this modern way of imagining order appears to be strongly mediated by the image of the market. In the first place, the idea of the market was important as a source of inspiration for the modern social imaginary as it helped imagining order in terms of mutual benefit. Secondly, the market is elevated into the dominant end of society, rendering it the focal point of how we conceive of

¹⁶ Yack (2005) gives the example of Hegel's views on civil society of a view that does not immediately conform with the Grotian-Lockean vision of mutual benefit.

political order. The lesson is that the modern market fulfills a very definite role in our modern imaginary of political order and cannot be seen in isolation of this function. This way, Taylor's analysis has taken us beyond the standard observation in which the market is viewed as one modern institution and idea among others. Instead, it shows how the market appears to be deeply aligned with our modern way of imagining social and political order and that it is hard to conceive of the market outside of this modern constellation of the market and politics. In the second part of this chapter we will analyze in more detail what this modern constellation consists of.

The Market and the Modern Liberal Governmentality

A similar interest in the role of the market for our modern political outlook emerges from Michel Foucault's work on "governmentality" (1991, 2007, 2008). It is surprising to see how much it has in common with Taylor's account of the underlying system of intelligibility of political modernity.¹⁷ For Foucault, the modern age is characterized by a novel conception of political power, one which is essentially governmental. The governmental conception of political power is accompanied by the emergence of a distinct type of political reason or political rationality, for which Foucault coined the neologism 'governmentality.' For Foucault modernity represents the coming of age of a governmental frame of mind and entails a new way of exercising and legitimizing political power. Foucault introduced his ideas on governmentality and the governmental nature of modern political power in his lectures at the Collège de France that he held over the course of two academic years from 1977 to 1979. Up until a few years ago, these lectures had not been published, with the exception of the annual course summaries, a transcription of one of the lectures (viz. Foucault 1991, 1997a, 1997b), and comprehensive summaries of the courses based on recordings (Gordon 1991; Lemke 2001).¹⁸ Although the publication in English of the lecture on

¹⁷ I have not encountered many scholars who have addressed these similarities between Foucault and Taylor, with perhaps the exception Poovey (2002). The obvious explanation is that the two inhabit two different schools within philosophy and they therefore remain in two different worlds in the secondary literature. Taylor (1984) moreover has famously been critical of the relevance of Foucault's ideas about power for political philosophy, his claim being that Foucault's somewhat totalizing notion of power does not leave much room for normative political theory (c.f. Fraser 1981). Ironically, the same criticism could be raised against Taylor's idea of the modern social imaginary.

¹⁸ Foucault first introduced the notion of "governmentality" in one of his lectures at the Collège de France in the course titled 'Security, Territory, Population' during the academic year of 1977-1978. It is first explained in his Lecture on February 1, 1978, and further elaborated in subsequent lectures of that and the next academic year. Apart from two short course summaries (Foucault 1997a, 1997b), the lectures were never officially published. The lecture on governmentality was transcribed,

governmentality immediately spiked much interest (Barry, Osborne, and Rose 1996; Burchell, Gordon, and Miller 1991), the reception of Foucault's work on governmentality has always remained somewhat fragmented. With the recent transcription and publication of the complete lecture series however, we are presented with a new opportunity to assess Foucault's ideas on governmentality within its complete context. It allows me to focus on the importance of the market within the development of the modern governmentality.

What does Foucault mean by the term governmentality? In its broadest sense, Foucault uses the term to denote that the modern way to conceive of political power is in terms of government. To understand what makes the modern governmental view distinctive, it helps to see how it radically departs from what preceded it. When first introducing the notion of governmentality in the noted Lecture of February 1, 1978, Foucault starts by demonstrating that from the 16th century onwards one witnesses that accounts of political power are increasingly cast in terms of government: "the problem arises, with particular intensity in the sixteenth century, of 'how to be governed, by whom, to what extent, to what ends, and by what methods'" (Foucault 2007, 89). His claim is that the modern age is marked by a gradual transition from a sovereign conception of political power to a governmental one. In the first, political power is exercised by a sovereign who rules a territory and who seeks to maintain control over that territory. The relation of the sovereign to its territory is one of externality or transcendence and is legitimized by the sovereign's interest to preserve it. In the newly emerging modern conception, the focus shifts to viewing political power as an "art of government" in which power is rather exercised through practices of government and finds its legitimacy in governmental reasons.

To illustrate the shift from a sovereign to a governmental conception of political power, Foucault analyzes political discourse from the sixteenth century onwards to show how the sovereign genre in the form of "advice to the prince" slowly gave way to a concern with "the art of government." Using a response by La Perrière to Machiavelli's *The Prince* as an example, Foucault identifies four characteristics of the art of government, which distinguishes it from a sovereign conception of power. First, the growing concern with the "art of government" obviously involved a shift of attention towards questions of government and governing well. How was

translated and published by Paolo Pasquino in the Italian journal *Aut Aut* in 1978. An English translation by Rosi Braidotti of that transcription first appeared under the title 'Governmentality' in 1979 in an English journal titled *I&C* and was republished in the *Foucault Effect* edited by Burchell, Gordon, and Miller (1991). In 2004, transcriptions of the entire series of lectures were published in French, followed in 2008 and 2009 by English translations (Foucault 1997a, 1997b).

this nascent modern notion of government understood? In contrast to the sovereign conception, the governmental exercise of power is legitimized internally, by referring to how well one governs. The characteristic feature of government is that it is defined by how well one manages those that are governed. The modern notion of government moreover, as Foucault points out, appears to be mediated by the Greek notion of 'economy,' which is the art of managing a household. He emphasizes that the main concern of the emerging art of government revolved around questions of how to "introduce economy – that is to say, the proper way of managing individuals, goods, and wealth like the management of a father who knows how to direct his wife, his children, and his servants, who knows how to make his family's fortunes prosper ... into the management of the state" (94-95). The art of government is "to exercise power in the form, and according to the model, of economy" (94). Foucault refers to Quesnay for instance to demonstrate that government is always a form of "economic government" (95). With the art of government as principle, one no longer merely rules for the sake of the ruler but because of what is achieved by managing well. To view political power in terms of government hence entails an internalization and economization of power.

Second, government also entails a new conception of the object of rule. Foucault quotes La Perrière as claiming that "government is the right disposition of things arranged so as to lead to a suitable end" (96). To conceive of the object of government as 'things' means that government is no longer seen in relation to a "territory, but to a sort of complex of men and things" (96). Given this deeply 'economic' sense of government, its object is consequently also perceived in 'economic' terms as managing the wellbeing of a population. In future lectures Foucault starts using the term 'biopolitics' to convey that the modern conception of government is in fact a politics of the wellbeing of a population. One distinctive feature of the notion of government is that it occupies itself with the health and welfare of those that are governed, instead of the interests of the governor for instance. Third, when the object of government is conceived as composed of a complex of men and thing, it consequently also presupposes a different technique of government. Rather than operating through direct rule, the art of government relies on all sorts of indirect rule. By facilitating and managing the natural tendencies ("the right disposition") of the complex of individuals, goods, and wealth, it attempts to enhance the welfare of those governed ("to lead to a suitable end"). Faced by an autonomous complex of men and things, government has to fall back on tactics, techniques, and policy instruments to steer this complex: "with government it is not a matter of imposing law on men, but of the disposition of

things, that is to say, of employing tactics rather than laws, or, of as far as possible employing laws as tactics; arranging things so that this or that end may be achieved through a certain number of means” (99). Government is subsequently judged by how well it governs the autonomous complex of man and things in serving its own welfare. Instead of ruling, in the governmental vision one manages society so that it can achieve its own ends. Fourthly, Foucault quotes La Perrière saying that government requires “patience, wisdom and diligence” (99). If government operates by means of tactics that seek to induce the complex of man and things toward their convenient ends, it too requires a different kind of knowledge: “the wisdom required of someone who governs is not exactly the wisdom of tradition, in the form of knowledge of human and divine laws, of justice and equity, but rather wisdom as, precisely, the knowledge of things, of the objectives that can and must be attained, and the ‘disposition’ one must employ in order to attain them” (100). To govern, and to govern well, requires the appeal to governmental knowledges of society to support one’s strategies and tactics. Taken together these four features offer a first glimpse of what according to Foucault characterizes the modern, governmental view of political power. This modern sense of politics as government appears to be inherently ‘economic’ or managerial in nature as its goals, legitimacy and tactics all take the management of society, its population and material wellbeing as their point of departure.

As a way to refer to the modern, governmental conception of political power, Foucault introduces the term ‘governmentality.’ This neologism tends to be confusing and it is sometimes used in different ways. In general, governmentality is for Foucault shorthand for the rationality of modern government. He uses the term interchangeably with art of government, rationality of government, and governmental rationality. It designates the ratio, reason or logic that is implied in governmental practices and which makes them intelligible and legitimate.¹⁹ As such, it refers to the rationality that is immanent in practices of government (viz. Senellart 2007, 389). In a very general sense Foucault uses governmentality to denote the rationality of our modern age, in which our institutions are all fashioned after the idea of government. At other occasions it is used to address the specific rationality that animates particular governmental practices. As these rationalities and techniques of government evolve over time moreover, Foucault uses it to

¹⁹ In the lecture of January 10, 1979, Foucault refers to it as “government’s consciousness of itself” and even, with some reservations about the language of presence, the “self-awareness” of government (Foucault 2008, 2). In this formulation, the idea of a governmentality comes close to Taylor’s idea of a modern imaginary as self-understanding.

distinguish different historically specific forms of political power. It is in this latter sense that we will see Foucault use the term to refer to a liberal and later on neoliberal governmentality. At the end of the noted governmentality lecture, Foucault ascribes three interlocking meanings to the term. First, is to denote the complex of institutions, practices and knowledges that are used to exercise that make up government:

the ensemble formed by institutions, procedures, analyses and reflections, calculations, and tactics that allow the exercise of this very specific, albeit very complex, power that has the population as its target, political economy as its major form of knowledge, and apparatuses of security as its essential technical instrument. (Foucault 2007, 108)

In this first sense governmentality stands for the technologies of government. Second, governmentality refers to the emergence in the modern West of a type of power in the form of government. In this second sense it is shorthand for the pre-eminence of a governmental idea of power, a governmentality. Third, governmentality denotes the process by which modern institutions, notably the state, increasingly become vehicles of government. Contrary to those who claim that the state has gradually been taking over society, Foucault for instance maintains that over the course of the past centuries, one witnessed the governmentalization of the state: "What is important for our modernity, that is to say, for our present, is not then the state's takeover (*étatisation*) of society, so much as what I would call the 'governmentalization' of the state" (109). The state is increasingly seen to function as space for political contestation over "problems of governmentality and the techniques of government" (109). In this third sense, governmentality represents governmentalization.

The art of government that originated in early modernity, culminated only in the 18th century, according to Foucault in a modern governmentality that is best described as liberal. By reading it as governmentality, Foucault offers a refreshing perspective on liberalism. The liberal art of government was already anticipated in the well-known governmentality lecture of February 1978, but it is only addressed in more detail in the lectures of 1979 on *The Birth of Biopolitics* (2008). As was explained above, one of the features of government is that its rationality was determined internally, that is, by what it achieves through governing. The characteristic feature of liberal government is that it takes this "internal regulation of governmental rationality" to its extreme (10). Liberal government is therefore characterized by a form of auto-limitation or self-limitation as the object of government itself determines the limits of government. It is a form of government that recognizes that society by and large operates on its own means and that what

government may achieve is therefore necessarily limited. Liberalism understood as governmentality, constitutes according to Foucault therefore “the art of least possible government” or “frugal government” (28). Foucault’s reading in terms of governmentality departs from conventional conceptions of liberalism. Unlike conventional approaches where liberalism is a normative notion that is defined by a reference to principles of freedom and limited government, in Foucault’s liberal governmentality is a positive notion, characterized by a factual or “de facto” limitation of government (10).

The emergence of a liberal governmentality and the idea of limited or frugal government was according to Foucault in important ways mediated by the rise of political economy. The nascent field of political economy was instrumental because it helped formulate and answer the questions that are pertinent to government. It for instance presented a way to reflect on governmental practices by studying their effects. By determining the effects of a certain tax for instance, rather than abstractly discussing their legitimacy, political economy facilitated the emergence of a liberal governmentality: “The economic question is always to be posed within the field of governmental practice, not in terms of what may found it by right, but in terms of its effect: What are the real effects of the exercise of governmentality?” (15). Political economy was hence important because it made the nature known of the social world that was to be governed. By showing that the social world has a nature of its own, which government needs to respect, it moreover exposed – and this was vital for the liberal governmentality – the limits of governmental practices. As such, the knowledge discourse of political economy was a necessary corollary of a liberal governmentality; it was instrumental in teaching government that it could govern best, by governing less.

Foucault returns to this connection of political economy and the modern, liberal governmentality in his lecture on January 17, 1979 to show how the liberal idea of government depends on a distinctively modern idea of the market. He reiterates for instance that the relation between political economy as a field of knowledge to practices of government is not one of offering advice to the prince. Rather, it is a relation in which political economy has furnished governmental practice with a regime or “site of truth.” The site of truth discovered by the political economists which Foucault refers to is evidently the market. He argues that by showing how it has a nature of its own, the political economists transformed the market from a site of justice in medieval thought, into a site of truth. By conceiving of a natural market which renders a natural price as opposed to a just price, the market would act as a “principle of veridiction” rather than jurisdiction (33). This means that “the

natural mechanism of the market and the formation of a natural price ... enables us to falsify and verify governmental practice” and thus reveals whether government was good and working well, or not (32). As it “reveals something like a truth,” the modern market speaks truth to governmental power (32). The “irruption of the market as a principle of veridiction” is according to Foucault an “absolutely fundamental phenomenon in the history of Western governmentality” (33). As a natural limit to government, the market is a litmus test for liberal government because it offers an internal principle to determine whether one governs too little or too much. It is for this reason that Foucault also refers to liberalism as a “governmental naturalism” because in its objectives and competence liberal government has to respect the nature of the market (61). Put somewhat enigmatically then, the market is the truth of liberal government. Throughout the history of governmentality, the market according to Foucault has been the “privileged object of governmental practice” (Foucault 2008, 33). It reached a peak however in the age of liberal government from where it may once again undergo critical transformations today.

Foucault’s idea of governmentality has inspired a whole field of governmentality studies (Dean 1999). The notion has been adopted by sociologists, political scientists, anthropologists and applied to virtually every area of social research imaginable, ranging from education, planning, psychiatry, crime, health, gender, sexuality, social policy, race, migration, development, colonialism, to globalization and European integration. Especially the ideas about the technologies of government or micro-powers sparked the interests (Rose and Miller 1992; Rose 1996; Rose 1999). Despite the central place awarded to the economy, the idea of governmentality has hardly received any attention from economists or historians of economics, apart from one or two reviews (Guala 2006; Tribe 2009).²⁰

While Foucault’s interests in the lectures shift continuously, his general purpose was, analogous to his studies of the prison and the mental institution for instance, to inquire into the general conception of power that now characterizes the state (see lecture of February 8, 1979 in Foucault 2008). Governmentality is then the “general technology of power” that operates through the state. By decentering political power away from the state, Foucault’s work is therefore generally interpreted as a critique of predominantly Marxist, theories of the state. In the well-

²⁰ This situation is no different from the silence among historians and philosophers with regard to Foucault’s earlier work on political economy in the *Order of Things* (1971) as Amariglio pointed out (1988).

known governmentality lecture for instance, Foucault takes issue with state theorists that portray the state as a “*monstre froid*” that oppresses and abuses its subjects, or Marxist theories that view the state as an epiphenomenon of the economy (Foucault 2007, 109). Foucault argues that these approaches overstate the unity and agency of the state, as the latter is rather a function of a reigning governmentality.

Although the few critical assessments of Foucault’s ideas on governmentality are dwarfed by those that uncritically adopt his notion, one can distinguish three interrelated types of critique. The first, inspired by earlier critiques of Foucault’s idea of power by Fraser (1981, 1989) or Taylor (1984), criticizes the notion of governmentality for being too general and therefore lacking of any normative or critical potential (viz. Kalyvas 2002; Kerr 1999).²¹ Because the notion of governmentality is so encompassing – it explains everything and therefore nothing – it offers virtually no normative means for criticizing it. Especially in its displacement of state theory, it robs us of any critical faculties to criticize the state, or state policies. One could offer in defense that since Foucault is primarily interested in writing a genealogy of the governmentality behind the modern state, that his is at best a genealogical critique rather than a critical theory of the existing governmentality.

Another line, criticizes the governmentality approach for its supposed liberal bias. As opposed to the critical theorists before, this critique has primarily a Marxist background.²² As Kerr (1999) puts it elegantly, while Foucault with the idea of governmentality beheads the King, the market is enthroned. Kerr argues that the subsumption of the state under the idea of liberal governmentality with its emphasis on the market as truth test of government, in fact means that government and therefore the state become subservient to the interests of the market. In doing so, governmentality merely reproduces the market, and “Foucauldian governmentality is therefore not a zone of critical-revolutionary study, but one that conceptually reproduces capitalist rule” (197). It led Kalyvas (2002) to the conclusion that rather than criticizing the Marxist theory of the state, the idea of governmentality in fact reaffirms the Marxist theory. These critiques, I think, tend to overstate the critical relation between the market and the state in the liberal governmentality. With Milchman and Rosenberg (2002) and Jessop (2007), I would want to argue that there is much to gain from a critical encounter between

²¹ A similar critique of Foucault can be encountered with Walzer (1986) and Habermas (1987)

²² See Milchman and Rosenberg (2002) for an interesting account of the encounter between Marxism and governmentality studies.

the Marxist and governmental idea of the state. It is for Foucault certainly not the case that liberal government is unequivocally directed at serving or securing the interests of the market, if any such idea about the market makes sense at all. Foucault's claim about the importance of the market for liberal government are much more modest, in that the market or the economy are not dictating government, but at most present a limit to what government can accomplish. The liberal governmentality does not rule out governmental practices that move 'against' the market, but it does claim that any such practice inevitably has to reckon with the market. This way, the Marxist critique affirms that the relation between market and government in the liberal governmentality is if anything, one of limitation.

Third, a type of critique could be imagined that questions the presumed bias in the idea of governmentality toward the nation state (Larner and Walters 2004a; Walters and Haahr 2005b). With population as the primary object of government, the question arises how the practices of government are delimited. While the idea of governmentality deliberately moves away from territory and the territorial state as a unit of power, the emphasis on population suggests that government necessarily coincides with the nation state and that governmentality is automatically a national power. This raises the question as to who is included as an object of government and how this is determined. And, can one conceive of governmentality outside the boundaries given by the nation state? There has recently been a growth of studies that extend the governmentality approach beyond the confines of the nation state and to rethink non-state forms of governmental power such as through globalization (Larner and Walters 2004b), international organizations (Merlingen 2003), or through European integration (Koveker 2006; Walters 2004; Walters and Haahr 2005a). These attempts show that it is well possible to conceive of governmentality without having to take recourse to the nation state. They moreover allow us to conceive of the governmental power of these international governmentalities in their own right. While the nation state still remains the dominant form for the expression of governmental practice, the governmentality approach may in fact assist us understand governmental practices that do not take the nation state as their preferred site of practice.

We have seen that Taylor's idea of a modern social imaginary and Foucault's governmentality, address a similar idea. Both take our modern view of political order to be in important ways mediated by the idea of the market. Our modern understanding of political questions appears to be in a deep sense always

‘economic,’ and presupposes a specific relation between the economic and the political. Despite the similarities, one can also point at some divergences in the views of these two philosophers. Besides some substantive differences, the discrepancies are largely methodological. For Taylor the modern condition is primarily characterized by the idea of a society of mutual benefit, whereas Foucault takes the idea of government as the starting point of his analysis. While they share the conceptualization of the liberal character of modern society as a society of mutual benefit, Foucault’s analysis is more comprehensive in also pointing out how it necessarily involves a governmental conception of politics and how the sphere of the economy and the political interrelate. The methodological differences can be traced back to the contrast between Taylor’s communitarian and idealist orientation and Foucault’s historicism. Unlike Foucault, Taylor for instance emphasizes that the modern social imaginary should be shared in order for modern practices to function. This immediately implies that there is a defined ‘we’ which is included in the imaginary and that it hence has a native community to which it applies. While this may be less the case for the private sphere of the market, it is especially relevant for those modern forms, such as the modern public sphere and the democratic state, whose character is inherently public. Taylor’s social imaginary appears to be more evidently biased towards a circumscribed community. The idealist overtones, secondly, of Taylor’s modern social imaginary are countered by Foucault’s tendency towards empiricism or immanence. Foucault does not approach the modern order as the actualization of a shared, pre-existing imaginary, but rather asks the opposite question: what rationality can be read from existing governmental practices? It requires less of a unified image of a particular social form and his approach is therefore more susceptible to analyzing the changes in governmentality.

Despite these differences in approach, if anything can be learned from both authors it is that what we call modernity is inconceivable without the modern idea of the market and that rise of the modern market moreover, ushered in modern, governmental notions of politics. Another lesson is that the importance of the market and the economy within contemporary political discourse is therefore hardly a recent phenomenon, but that its lineage goes back to the earliest moments of modernity. An important question remains, however, whether and in what way our contemporary altercations over the market in politics still abide by the modern image as painted by Taylor and Foucault, or rather departs from it. Before addressing that question, I will, in the next section tease out three characteristics of

the modern view of the market and politics that will allow us to determine whether our contemporary accounts are in any way fundamentally different.

The Modern Image of the Market

Taylor and Foucault have shown that the idea of the market is central for how we imagine our modern political order. In order to determine whether contemporary discourse about the market and its political standing still conforms to the modern imaginary, we should inquire what the typically modern way of conceiving of the market is. What is the modern image of the market? What characterizes the typically modern way of understanding the market, how does one view its relation to politics and what role does economic science have in this? In this section, using the accounts of Taylor and Foucault I want to reconstruct the modern image of the market by highlighting what I take to be its three most important features.

The Naturalist View of the Market

Taylor and Foucault both start their accounts of modernity by pointing out that it is founded on a novel view of the market. Taylor for instance argues that the idea of the market underwent a transformation which was critical for the development of our modern social imaginary:

Where the word [economy] originally applied to the management of a household, and therefore to a domain that could never be seen as self-regulating, in the eighteenth century the notion arises of an economic system, with the physiocrats and Adam Smith, and that is the way we understand it today. (2004, 103)

As explained above, this new idea of the market provided an important conceptual step for the emergence of a modern social imaginary in which society is conceived of in terms of mutual benefit:

The first such independent take on society was that which grasped it as an economy, that is, as no longer just a particular domain of the management of the ruler of his kingdom, construed as an extended household, but as a connected system of transactions obeying its own laws. These laws apply to human actions as they concatenate, behind the backs of the agents; they constitute an invisible hand. (163-164)

The modern vision of a society of mutual benefit is founded on the idea that the market is a social mechanism that abides by its own laws and generates its outcomes of its own accord. The modern conception of political order thus appears to be inextricably bound up with what Taylor calls an “objectifying account” of the market and the economy, “one that treats social events like other processes of nature, as following laws of a similar sort” (77).

In his account of the emergence of the modern governmentality, Foucault similarly stresses the changing conception of the market. As we saw before, Foucault argues in the famous governmentality lecture that the emergence of the modern art of government was in important ways inaugurated by a changing idea about the market and the economy. At first, the art of government was inspired by the question of how to extend the Greek notion of economy to redefine questions of political order: “The essential issue of government will be the introduction of economy into political practice” (Foucault 2007, 95). From the 16th until the 18th century however, Foucault points out, “the word ‘economy’ ... is ... beginning to acquire its modern meaning” to the effect that “the essence of this government, that is to say, of the art of exercising power in the form of economy – will have what we now call the economy as its principal object” (95). The change that is at stake, is that the notion of the economy is increasingly used to represent an autonomous level of social reality, which conforms to its own laws:

The word ‘economy’ designated a form of government in the sixteenth century; in the eighteenth century, through a series of complex processes that are absolutely crucial for our history, it will designate a level of reality and a field of intervention for government. (95)

With the staking out of the economy as the autonomous domain of the market, it became the obvious object of modern government and eventually, liberal government:

It is through the development of the science of government that the economy could be re-focused on a level of reality that we now describe as the economic ... but we could also say that it is ... thanks to the isolation of the level of reality that we call the economy, that it was possible to think, reflect, and calculate the problem of government outside the juridical framework of sovereignty. (104)

Central as to why the economy could become the designated object and limit of liberal government is that the market was imagined as having a nature of its own. It surfaces most clearly in Foucault’s discussion of liberalism. There he points out that the market is staged as a site of truth for liberal government. This was made possible, for instance, because “the market appeared as something that obeyed and had to obey ‘natural,’ that is to say, spontaneous mechanisms.” (Foucault 2008, 31). The market is pictured as a “natural mechanism” that, when it is allowed “to function by itself according to its nature,” generates a “‘natural’ price” (31). The portrayal of the market as natural mechanism was important in the articulation of the new, liberal art of government because when one conceives of the market as having a nature of itself, it by default presents a natural limit to governmental

practices. Governmental practices are limited because they have to respect the nature of the market:

if there is a nature specific to the objects and operations of governmentality, then the consequence of this is that governmental practice can only do what it has to do by respecting this nature. (16)

The reason why the idea of a natural market is vital is that it enables thinking of government in liberal terms, namely as being limited by nature. Foucault hence concludes that the liberal art of government 'is something like a governmental naturalism (61).

The accounts of Taylor and Foucault spell out that the modern political order is founded upon a novel, modern image of the market. Thus, they pointedly convey, that the modern image is anchored in what I prefer to call a *naturalist view of the market*. It is naturalist in the sense that it attributes natural qualities to the market. It views the market as a natural or quasi-natural phenomenon. The market is conceived of as a natural mechanism or as being nature-like. It maintains that the market has a natural way of conducting itself and appears to be governed by its own laws. The naturalist view of the market is for both Taylor and Foucault an essential feature of the modern view of society and politics.

There is an important corollary of the naturalist view of the market that is pointed out by both Taylor and Foucault. A correlate of the naturalist view of the market is that it effects the compartmentalization of the market. To describe the market as having a nature of its own, also brings in the notion that it occupies a realm of its own that is separated from the rest of society. The market is seen as a sphere of conduct that is governed by its own laws. This separate realm, which is now known as 'the economy,' is seen as divorced from other parts of social reality and then especially the polity or the political domain.²³ Taylor makes this most clear:

²³ This use of the term 'the economy' is terribly anachronistic. The idea of 'the economy' is only a very recent invention. While the modern authors that Foucault and Taylor frequently use 'economy,' they never use the term as a countable noun. As Timothy Mitchell points out, to use 'the economy' to refer to the totality of economic relations, only became common with the development of macroeconomics in the 1930s. A quick consultation of the Oxford English Dictionary (OED) suggests that although one could find one or two uses of 'the economy' that signify the totality of economic relations before 1900 (e.g. 1891), it is unmistakably the case that from the 1930s onward, one starts using 'economy' exclusively to refer to the economy at the expense of earlier meanings of the word 'economy' which stands for the careful and frugal management of resources. Ironically, the first hit in the 20th century is one by Lenin in a speech: "The basic task of 'NEP' (New Economic Policy) ... is to establish a close connection between the socialist economy ... and the economy of the peasant masses."

The agent of production acts on his own, operates in a sphere of exchange with others that doesn't need to be constituted by authority. As these acts of production and exchange come to be seen as forming an ideally self-regulating system, the notion emerges of a new kind of extrapolitical and secular sphere, an economy in a modern sense. (2004, 103)

As Taylor indicates, the naturalist view of the market inaugurates our modern idea of a free-standing economy that exists outside or independently of the polity. Divorcing the market from the political sphere means that the market is depoliticized and that economic action is seen as a-political:

Conceiving of the economy as a system is an achievement of eighteenth-century theory, with the physiocrats and Adam Smith, but coming to see the most important purpose and agenda of society as economic collaboration and exchange is a drift in our social imaginary that begins in that period and continues to this day. From that point on, organized society is no longer equivalent to the polity; other dimensions of social existence are seen as having their own forms and integrity. (76)

The naturalist view of the market then gives way to a modern understanding of the economy. It moreover brings about that the modern economy is depoliticized and juxtaposed to the polity. The naturalist view of the market is therefore fundamental for our modern constellation of the economy and politics, in which a depoliticized economy is juxtaposed to the polity, politics, or the political domain.²⁴

For Foucault, it was argued above, the naturalist market constitutes the foundation of his idea of the liberal governmentality. The idea of liberal government presupposes a naturalist view of the market because it is essential for conceiving of government as being limited. Only if one thinks of the market in natural terms, have governmental practices a social reality in which their actions have consequences, which they therefore need to reckon with. For Foucault modern politics is always liberal politics, not per se in the conventional sense that one always advocates *laissez faire*, but in the sense that all modern political claims are formulated against the background of the liberal governmentality. Even socialist or communist politics and policies depend on a liberal governmentality in that they too subscribe to a naturalist view of the economy. The naturalist market is

²⁴ Note the semantic unease here. There is no real 'political' equivalent to the modern idea of a free-standing economy. We like to speak in terms of economy versus polity, the market sphere or the political sphere, market system versus political system, economics versus politics, the market versus the state, but none of these pairs are really mirroring one another. Even though one could say that for instance in political science today one theorizes the political system as some way analogous to the market or economy, the comparison does not hold. There appears to be no real political equivalent to the naturalist economy. What this shows, I think, is that the relation between the economy and the domain of the political is not necessarily symmetrical.

hence for Foucault the necessary social substrate on which government is exercised, experienced, and proven:

The notion of nature will thus be transformed with the appearance of political economy. For political economy, nature is not an original and reserved region on which the exercise of power should not impinge, on pain of being illegitimate. Nature is something that runs under, through, and in the exercise of governmentality. It is, if you like, its indispensable hypodermis. (2008, 15-16)

As we will see in later chapters however, the centrality of the naturalist view of the market is only challenged for the first time with the rise of neoliberalism and the appearance of a distinct neoliberal governmentality.

The account of the modern image of the market is reminiscent of Polanyi's thesis about the disembedding of the economy in *The Great Transformation* (1957). The modern idea of a free-standing and depoliticized market, reminds one of Polanyi's idea of the disembedding of the market economy from society. Polanyi's account of the disembedded economy in interesting ways traverses the modern narrative relayed here. Polanyi's thesis is that around the 19th century one witnesses the emergence of a liberal creed that inspired by classical political economy promotes the idea of a self-regulating market. Its main thrust was to disembed the economy from society by divorcing the self-regulating market from its social, religious and political structures. It produced a dichotomy in our social world where the market stands opposed to the realm of the political: "A self-regulating market demands nothing less than the institutional separation of society into an economic and political sphere" (71). So far Polanyi's idea of the disembedding of the economy concurs with our modern image of the market. Polanyi moreover takes this even further, to imply that the disembedded market economy requires the subjection of other social institutions: "Instead of the economy being embedded in social relations, social relations are embedded in the economic system" (2).

Where Polanyi's view starts to diverge and adds a critical edge is with his claim that the idea of a disembedded, self-regulating market is a utopian fiction, which is moreover factually wrong. In Polanyi's view, the idea of the self-regulating market is based on an "economistic fallacy" (see Chapter 1 in Polanyi 1977) and represents "a myth," "a secular religion" or is "utopian" (Polanyi 1957, 138, 139, and 151). Polanyi's lasting and critical contribution has been to point out that the idea of a self-regulating market is in many respects not just a fiction that is contradicted by the facts, but a practical impossibility too. Referring to economic history and anthropology, Polanyi's main argument is that the economy and the market always required the embedding in wider social structures. In Polanyi's view

then, the exhortation to divorce the market from these social structures amounts to wishful thinking and must be practically unfeasible. Besides Polanyi's argument that the self-regulated market will colonize other social spheres, Polanyi moreover notices that the self-regulated market itself in fact requires active regulation. Polanyi points out that attempts to establish a self-regulating market, will always be met with a backlash coming from the social imperatives that resist disembedding.

Polanyi's account of a disembedded market broadly conforms to the idea of a modern social imaginary or liberal governmentality. Polanyi's claim about an inevitable political backlash to the institution of a self-regulating market moreover confirms the logic of the modern liberal governmentality. The interesting twist it offers to our modern image of the market however, is Polanyi's insistence that the naturalist view of a disembedded, self-regulating market is from the outset a chimera. From Polanyi one could hence derive the view that the modern, liberal governmentality with its emphasis on the naturalist view of the market, is based on a founding myth. We may gather from Polanyi that the disembedded, naturalist market is a required fiction within the modern governmental logic. One may criticize Polanyi's view however for displaying an archaic conservatism by holding on to the pre-modern perspective of the embedded market. In doing so, he may be insufficiently attuned to the modern, governmental functions of the disembedded market. Irrespective of whether one considers it an original fiction or not, the encounter with Polanyi shows nonetheless that the naturalist market remains the indispensable counterpart of the modern view on politics as government.

In a similar vein but coming from a Marxist angle, Ellen Meiksins Wood (1981) argues that the discovery of the economy and its separation from the political should actually be construed as a product of capitalist reason. She shows for instance that by separating or disembedding the economy from the domain of the political and by representing them as two "regionally" separated spheres, classical political economy has effectively depoliticized the economy (68). The division of the social world into the a-political domain of economic relations, and a political realm proved an effective means to shelter the capitalist economy from political intervention. While this set-up is certainly not true for Marx, who always sought to politicize economic relations, Meiksins Wood actually takes issue with some later Marxists. Her charge is that by maintaining a strong conceptual division between an economic base and ideological superstructure for instance, some Marxists tend to reaffirm rather than challenge the depoliticization of the economy. To counter these strong forms of ("vulgar") economism Meiksins Wood therefore argues for a

theoretical alternative in the form of a renewed form of “political Marxism” (76). This alternative consists of pointing at the social or political constitution of the economy as it is. Rather than delegating the political and the economic to their respective realms, Meiksins Wood argues for a political Marxism that collapses the two to again start theorizing the politics of the social constitution of the economy. Like Polanyi, Meiksins Wood too alerts us to the fact that the naturalist view of the market is not only important for the modern governmental logic but that the economism implied by it moreover has a political function in itself. By showing that the naturalist view of the market is actually already a construct imbued with political meaning, both Polanyi and Meiksins Wood further radicalize the idea of a modern liberal governmentality, as relayed by Taylor and Foucault and potentially sow the seeds for its subversion.

The invention of modern politics and government then appears coeval with what could be called, the discovery of the economy and a naturalist market. Claiming the discovery of the economy, or its invention or construction, immediately raises some questions. Apart from the uneasy connotations of the term ‘discovery’ or ‘invention,’ which suggest that the economy or the naturalist market lay waiting to be discovered, some have pointed out that the use of the notion of ‘the economy’ is in the first place anachronistic. The notion of ‘the economy’, as a way of referring to a structured whole of economic relations, is for instance a much more recent invention (Mitchell 1998, 2005, 2008; Schabas 2009). As we already saw with Foucault, classical economists and for example Smith, do not at all refer to the economy in our modern sense and that the term by and large still had its Greek meaning. Restating an argument made before by Tribe (1978), Schabas (2009) maintains that the idea of the economy only entered economic discourse in the first half of the 19th century, and then merely as a theoretical construct. Taylor and Foucault could therefore be said to be somewhat anachronistic in their accounts of the emergence of the idea of a modern economy. Timothy Mitchell (2005, 127) explicitly criticizes Foucault and governmentality scholars, for claiming that by the end of the 19th century the economy had emerged as the object of government. According to Mitchell, ‘the economy’ is an invention of a much later age, even later than suggested by Tribe and Schabas, and really only emerges in the 1930s. Only with the emergence of macroeconomics in the twentieth century, does the term ‘the economy’ surface in popular discourse and do economists start using it as a theoretical and empirical construct. Mitchell, and similar examples are offered by Schabas, points out that a host of theoretical and practical interventions such as

Keynes' General Theory, the first econometric models of Tinbergen, or Kuznets' national accounts were all elemental within the construction of the economy. Recently, adopting Callon's (1998) terminology, Mitchell maintains that without "these socio-technical arrangements, there was no economy" (2008, 1120).

Despite his skepticism regarding the exact dating of the origins of the notion, Mitchell nonetheless reaffirms the general claim put forward here. He emphasizes that 'the economy' is a discursive construction that should be seen as part of a more comprehensive change in the political or governmental rationality (e.g. Mitchell 1998, 91). He thus reaffirms the general thrust that the invention or construction of the economy as an independent sphere should hence be seen in light of our modern conception of politics and government.²⁵ Mitchell is nevertheless right to emphasize that modern macroeconomic thought together with a growing web of socio-technical arrangements were indispensable in the constitution of the present-day national economy. He guards us from projecting these modern notions back into time. This does not preclude the idea however that if perhaps not nominally an 'economy,' the seeds for this modern imaginary were already sown with the construction of the naturalist market.

One caveat needs to be placed with regard to the status of the natural in the naturalist view of the market. It is on purpose called 'naturalist' instead of natural view of the market to express that the market is not literally natural or part of nature, but is merely represented as being like nature or resembling nature. This is done, with a view of dissociating it from two alternative interpretations. The first relates to natural law. Taylor and Foucault both emphasize that the modern image of the market marks a departure from a natural law perspective. They point out that unlike in the older natural law traditions where the role of government was to respect natural law, the modern order increasingly assigns a different naturalism to the market. The modern naturalism of the market is less normative and instead objective. The market's nature does present a moral law for government, but imposes objective limits to government. In the naturalist view, the modern market is no longer natural in the sense that it equals natural law, but because it starts to be seen as conforming to laws of nature.

²⁵ Mitchell's formulation is however slightly more radical since he claims that to represent the economy and the state as independent spheres is in fact the effect of a discursive articulation of the border between them (viz. Mitchell 1999). As his examples about macroeconomics underline, a host of discursive and socio-technical articulations are required to construct the economy as a naturalist sphere of economic conduct in order to juxtapose it to a governmental state.

At the other end, is to situate the naturalist view vis-à-vis some of the claims made by Margaret Schabas in *The Natural Origins of Economics* (2005). Tracing the history of the natural origins of economics, Schabas argues that within early modern, classical economic thought, the economy was actually considered to be part of nature and contiguous with nature. Referring to Linnaeus's notion of the "Oeconomy of Nature" for instance, Schabas argues that within classical economic discourse, economic phenomena were viewed as "contiguous" with natural phenomena (2). The same could be said of the Physiocrat's *Tableau* and Smith's ideas about the natural progression of wealth. Schabas' main argument is however that the economy is gradually being 'denaturalized' and by the mid-nineteenth century is no longer conjoined with nature. Attributing a critical role to Mill, Schabas argues that the economy was no longer seen to coincide with the natural world, but came to be seen as an autonomous domain and moreover, as the product of human agency. In short, it represented a transposition of the economy from the natural to the social world. An important implication of the severing of the economy from nature is that it was essentially transformed into an object of human control. The denaturalization of the economy hence appears to give way to a thoroughly social economy that becomes the subject of human control and "engineering" (158).

While this is not the place to engage in a long discussion about her work, Schabas' analysis appears to upset the story relayed here. Schabas' argument for the denaturalization of the economy contradicts the emergent naturalism of the market argued for here. They however hardly refer to two opposing developments. While it is mostly an unfortunate choice of labels, the obvious difference between 'denaturalization' and 'naturalism' in fact points at the complicated history of the idea of nature (viz. Daston 1998). The early modern idea of nature relayed by Schabas is however not the equivalent of the naturalism attributed to Taylor or Foucault here. Schabas very astutely analyzes the disembedding of the economy from nature. The way she presents the denaturalized market however squares with the objectified market of Taylor and Foucault. It is strongly naturalist in the sense of representing an objectified and law-like realm and moreover concurs with the idea of a governmental economy. If anything then, the transition we are concerned with is in fact one from a natural market to a naturalist, governmental market.

If anything, our modern attitude towards the market is defined by the naturalist view of the market. It presents the market as a detached sphere of autonomous conduct governed by its own laws. Taylor and Foucault alerted us to the fact that

the naturalized view only emerged gradually and was conjoint with the emergence of a modern, liberal idea of political order. To highlight the naturalism of the market is far from unique, but it has mostly been analyzed in the context of the philosophy or history of science (e.g. Mirowski 1994). The above analysis however teaches us that the naturalist view of the market should first of all be seen as serving a political function and cannot be seen in isolation from a modern perspective on government. It is for that reason that I will turn next to analyzing the market's place in the modern governmental order.

Political Sovereignty as Government of the Market

It has been the argument of this chapter that our modern idea about politics cannot be isolated from the modern, naturalist view of the market, and vice versa. The preceding section ended by claiming that the naturalized view of the market primarily serves a political function. How then does the establishing of the economy and market as an autonomous natural reality in the center of the modern imagination, affect our understanding of politics and political power? Moreover, what does it tell us about the relation between the economy and politics?

Political modernity is commonly equated with the rise of the modern, democratic nation-state. For Taylor and Foucault however, in the modern imagination the modern state and the modern exercise of political power cannot be seen in isolation from the naturalist market. In their view, the emergence of the modern state shares its origins with that of the market, a factor which tends to remain under-appreciated. Besides, the modern imagination nonetheless has produced a split between the market and the state. This modern carving up of the world, has animated the now familiar oppositions between market and state, market and government or market and democracy.

Both Taylor and Foucault point at how modern conceptions of political power and politics as divorced from and juxtaposed to the market, become inherently governmental. A first step is to recognize that when in the modern imagination the economy was divorced from the polity, the latter subsequently developed into what we now know as the state or the political system. As Taylor argued the modern imaginary implied that the economy was divorced from the polity: "'Society' has been unhooked from 'polity'" (Taylor 2004, 79). The branching off of an independent society, comprising not just the market but also a public sphere, consequently implied new ways of conceiving of the polity. Just as the economy was imagined as a realm or space for the exchange of goods – emphatically referred to in spatial terms as 'the marketplace' – the *polis* could be re-imagined as

a political sphere, the state, or the political system.²⁶ Hence we see how modernity gave way to a juxtaposing of the economic and the political domain, or market and state, that continues to plague our political imagination to date.

For Taylor, this concurrent rearticulation of a juxtaposed economic and political domain also entailed a new conception of political sovereignty. Where pre-modern forms of sovereignty were derived from pre-existing laws or divine rules, under the influence of the modern imaginary these were gradually (but not without major revolutions) translated into new doctrines that rooted sovereignty in 'the people.' The modern imaginary of a society for mutual benefit namely institutes the idea that political rule is exercised by and for the people. It envisages political order as being run by the people for the benefit of the people. Phrases such as 'We, the people' thus became the new expressions of political legitimacy. The modern imaginary further inspired the emergence of typical modern political institutions such as representative democracy and the nation-state.

While for Taylor the economy and the modern political institutions originate from the modern social imaginary, he also points out that there is a fundamental difference between these two social forms. Unlike the objectified economy, modern social forms such as the public sphere and the self-ruling people are imagined as a collective agency. The market on the contrary, as exemplified by the idea of an invisible hand, is characterized by the absence of collective agency. The economy is a private sphere, as against the political sphere which is public. While the market is a social form that produces mutual benefit of its own accord, the political sphere is a collective conduit for attaining mutual benefit. Their juxtaposition creates the fundamental duality of our modern attitude. In Taylor's words: "the modern grasp of society is ineradicably bifocal." As he states: "objectifying pictures of social reality are just as prominent a feature of Western modernity as the constitution of large-scale collective agencies." The reason the two are "parts of the same package" is because:

we need pictures of the layout of this inert reality and the causal connections that structure it, just as much as we need models of our collective action on it. The engineer needs to know the laws of the domain in which he is going to work, just

²⁶ Studying the relation of modern politics and modern economics in the transition from premodern to modern societies, Pocock (1990, 138) makes a similar point, arguing that "modern politics and economics arose and flourished together, that the national state and national market are not antithetical but symbiotic (as John Locke may be said to have perceived)." He moreover argues that first a modern economics was required in order for a modern politics to be conceivable: "the *polis*, and the idea of the *polis*, flourished in the relative weakness of the state, a premodern politics in the absence of a premodern economics." Modernity is characterized by "the mutual limitations of economics and politics" (139).

as much as he needs a plan of what he is trying to achieve; indeed, the second can't be drawn up unless the first is known (2004, 77)

As the engineering metaphor suggests, the naturalist view of the market goes hand in hand with a notion of collective government over the economy. The political sphere is construed as a form of collective control or government of a private society, notably the economy. As a consequence, political institutions are inherently governmental.

The modern bifurcation in an autonomous society with a naturalist market and political sovereignty embodied by a governmental state also forms the core of Foucault's ideas about political modernity. As we saw above, Foucault emphasizes that modernity is not so much marked by the invention of the state or the etatism, but rather by the 'governmentalization' of the state. States existed well before the rise of modernity, but their primary function was to serve as juridical and administrative entities for a sovereign. In modernity they became governmental states, whose prerogative is the government of an autonomous society which comprises the naturalist market. It involved the rearticulation of political sovereignty in governmental terms. The autonomous and natural market became the primary object of sovereign, governmental control. The governmental conception of politics and the governmental political system are hence a logical corollary of the naturalist market.

How the relation between the naturalist market and the governmentalized state entails a different understanding of political sovereignty is illustrated by Foucault's reading of the early history of economic thought.²⁷ According to Foucault, mercantilism can be interpreted as a first attempt of a governmental understanding of political sovereignty over the economy: "Mercantilism is the first rationalization of the exercise of power as a practice of government; it is the first time that a knowledge of the state began to be formed that can be employed for tactics of government" (Foucault 2007, 102). Mercantilists acknowledged the autonomy of the economy and its independence from the political realm, but this knowledge was not yet employed in a governmental way to serve the population, but rather the wealth of the state and the sovereign. Mercantilism remained therefore, according to Foucault, trapped in the logic of sovereignty. Something similar can be seen with the Physiocrats. Quesnay's *Tableau* for instance, advanced the understanding of the economy as an autonomous and well-ordered whole consisting of

²⁷ See for instance the governmentality lecture of February 1, 1978 in the *Security, Territory, Population* (Foucault 2007) and the lecture of January 24, 1979 in *The Birth of Biopolitics* (Foucault 2008).

independent classes. The Physiocrats recognized the natural character of the economy and its agricultural sources of productivity. It enabled them to devise a truly governmental policy, the doctrine of *laissez-faire*, as a proposal to let the autonomous economy operate by itself for the benefit of all. Again, however it was a governmental device that remained motivated by the benefits for the state, for instance through taxes, and not the population. Mercantilists and Physiocrats continue to presuppose some form of economic sovereignty.

Adam Smith's idea of the invisible hand marks according to Foucault a departure from the tradition of economic sovereignty and the transition to a thoroughly governmental and liberal political rationality (viz. 2008, 280). The true import of Smith's *invisible hand*, according to Foucault then, is that it renders the economy opaque. The inner workings of the economy not only take place behind the backs of its participants and are hence unknown to them, but they are also fundamentally unknown to the economic sovereign. Because the economy is fundamentally unknown to any sovereign, it signifies the impossibility of any form of economic sovereignty. There is no economic knowledge possible that allows an economic governor to practically adjust, let alone plan the economy.

Smith is thus seen to have inaugurated a new and radical form of governmental rationality: the liberal art of government. The rise of the naturalist view of the market hence spurred the transition from sovereign conceptions of political power to a governmental and ultimately liberal view of politics. In the liberal governmentality, the naturalist market became at the same time object, legitimization and limit of governmental action. In the modern liberal governmentality, politics always boils down to questions of government. As Foucault (2007, 109) notes "the techniques of government have really become the only political stake and the only real space of political struggle and contestation." In the liberal governmentality, political questions always revolve around the efficacy or efficiency of government, which is limited by the naturalist market. Liberal government hence always asks "am I governing at the border between the too much and too little, between the maximum and minimum fixed for me by the nature of things" (Foucault 2008, 19). According to Foucault then, the modern liberal governmentality produced the "dissymmetrical bipolarity of politics and the economy" (20). It is an elegant way of conveying that in our modern imagination while juxtaposed, the relation between the economy and politics is dissymmetrical, as the field of politics is conceived in terms of governmental control over a naturalist economy.

An important corollary to the modern liberal governmental rearticulation of economic government, is that it ushered in the idea of a national economy. The modern forms of government necessarily presuppose a national market or national economy. Since the object of government is the well-being, wealth, health, and security of the people, it is no longer defined by territorial boundaries but attaches itself to a particular nation or population. The governmental logic hence testifies of a nationalist assumption. This may explain why – in our modern mindset – we tend to conceive of the economy as a national economy. Since there is nothing inherently national about the natural market, it is the prism of government that construes the economy as a national economy.

From Foucault for instance one could distill an interesting account of the genealogy of the national economy. He shows that in the Mercantilist and Physiocratic mindset the economy is still conceived of in terms of sovereignty. The economy was delimited by the boundaries of the territory of the sovereign. With the governmentalization of the economy, it was released from these territorial boundaries and became the object of government. The economy was increasingly perceived as serving the needs of a population or nation instead of the interests of a territorial sovereign. It describes a development in which the economy was deterritorialized and subsequently nationalized. While the economy remained for a significant period of time cast in territorial terms, it took until Keynes and the emergence macro-economic policy in the beginning of the 20th century, for the governmental nationalization of the economy to become complete (viz. Mitchell 1998; Radice 1984).

The national economy thus turns out to be the product of a governmental operation. Practices ranging from national accounts, statistics, economic models, economic policy, such as competition policy and macroeconomic policies governmentalize the economy in order to serve a distinct population. It is through the prism of government that the economy and the state are both domesticated on a national basis. With the recent onset of globalization and regional integration, the earlier developments of nationalization again seem to be subverted. Yet despite these developments, especially given the recent economic crisis and its governmental responses, the national economy appears however far from dead.

The naturalist market view, so characteristic of modern political and social thought, is accompanied by an equally modern conception of the political. Both Taylor and Foucault show how the emergence of the market is conjoined with a modern governmental conception of politics. The modern market and a

governmental politics are the joint expressions of a distinctively modern conception of social and political order. Modernity left us with a liberal governmentality that bifurcated our world into the quasi-natural realm of the market and the traces of political sovereignty in the form of the governmentalized state. The above account however also makes clear that the extent of government, to paraphrase Smith, is always limited by the naturalist market. As Foucault has pointed out, modern politics necessarily operates against the liberal background of limited governmental powers. This is true not just for Rightist liberals, but applies equally well to Leftist skeptics of liberalism and even socialists or communists. Regardless of one's political orientation, modern political issues are formulated against the background of the liberal governmental matrix. In later chapters, it will be addressed how Foucault extended his analysis to address more recent, neoliberal rearticulations of this governmentality that appear to characterize our current times.

Economics as Governmental Knowledge

A third important feature of the modern image of the market concerns the role of economic knowledge. With modernity consisting of a radically new way of conceiving the social and political world, both Taylor and Foucault point out how it also entailed an epistemological revolution. In his account of Foucault, Gordon (1991, 15) referred to the emergence of the modern governmentality as a "politico-epistemological revolution." Given the central role of the idea of the market and the economy, the formation of our modern attitude toward the market was intimately connected to the development of the knowledge field of political economy. The emergence of early political economy and the modern science of economics should hence be seen in their intimate connection to our modern ideas about government. In this section I offer a short genealogy of political economy and modern economics in order to reconstruct the place of economics within our modern governmentality.

In line with his interest in the interrelations of power and knowledge, Foucault argues that the novel discourse of political economy was exemplary of the newly emerging concern with the art of government. The new discourse of political economy played a double role in the establishing of the modern order. First, as Taylor (2004, 164) points out, "the science that came to be called political economy" played a critical role in imagining the modern order of society as mutual benefit. Adam Smith's idea of the invisible hand for instance made it possible to conceive of society as operating behind the backs of individuals to generate benefits that accrue to all (165). Political economy helped imagine society as an

economy that occupies an extrapolitical, natural realm. As Foucault (2007, 108) furthermore points out, the invention of “the economy as a specific domain of reality,” also entailed the transformation of political economy to become “both a science and a technique of intervention in this field of reality.” With society and the market constituting an objective domain, it simultaneously became object of government and subject of a science. Political economy figured from the outset as a governmental knowledge, meaning that it is not a knowledge that exists for its own sake but that has a function with regard to government.

One should notice however that while political economy indeed forged the break toward a modern conception of government, this developed only gradually. As we saw in the previous section, Foucault points out that political economy has undergone a long process of emancipating itself from the matrix of sovereignty. In its initial mercantilist or physiocrat versions it still served a political authority. As political economy lodged itself deeper and deeper within governmental reason, it contributed to the formation of a truly liberal art of government. Political economy was conducive to the development of a liberal art of government because of its naturalist view of the market. Conceiving of the economy as a form of nature, political economy could serve as a reflection on governmental practices. Through its knowledge of the nature of society, political economy can determine the consequences of governmental action: “it discovers a certain naturalness specific to the exercise of governmentality” (2008, 15). Political economy can therefore tell which governmental policies work, and which do not. Foucault gives the example that political economists do not ask whether a tax should be levied, but instead go over the consequences when it is levied and make suggestion how it could be levied. Political economy thus appears as a discourse that is structured around the examination of governmental questions and practices. In the end, political economy winds up revealing the limits of governmental actions and is as such instrumental to a liberal art of government: “The possibility of limitation and the question of truth are both introduced into governmental reason through political economy” (17).

A detailed study on the formation of economic knowledge by Keith Tribe in *Land, Labour and Economic Discourse* (1978) fills in some of the detail passed over by Foucault (see also Walter 2008). Tribe’s perceptive reading of the origins of economic discourse and modern economics supports and augments the accounts of Taylor and Foucault. His analysis shows that the development of a liberal governmentality coincides with a transformation from classical political economy to modern economics. According to Tribe, the origins of economic discourse and

modern economics are generally too easily attributed to Adam Smith.²⁸ It is hard to conceive of *The Wealth of Nations*, Tribe argues, as a truly economic discourse, a distinct discursive form which conceives of economic categories as elements of an autonomous economy that is emancipated from the political system. By canonizing Smith as the founder of economics, one reads too much (neo-classical) economic theory into Smith, especially by concentrating on the more neo-classical Books I and II of the *Wealth of Nations*. Notwithstanding that Smith's account of the 'invisible hand' displaces the then current formation of political-economic discourse, Smith remained wedded to the discursive form that Tribe labels "Political Oeconomy." Within the latter, the economy is viewed as part of the polity and the province of the sovereign. Smith's discussion of labor and the invisible hand are still rooted within the discursive space of the Statesman and Smith's work therefore occupies at best "an ambiguous position with respect to the structure of Political Oeconomy" (1978, 85).

It took until around 1815 with the debates over the Corn Laws, claims Tribe, before one witnesses the formation of a genuinely modern economic discourse. Only after Ricardo, Malthus and Mill did a new discursive form emerge, named "Classical Political Economy," which was no longer primarily led by the concerns of the polity and allowed one to conceive of the economy as an independent reality:

The crucial distinction of Classical Political Economy from Political Oeconomy is that it does not depend on the prior existence of a polity for it to identify an arena of investigation – this arena is constituted discursively by its theories of production and distribution. (145)

For the first time in history, Classical Political Economy appears as a truly economic discourse, in which economic categories are organized in a new systematic form, in which it is constituted as an independent theoretical domain, and enables a new set of political arguments. The emancipation from the political finds its completion finally with Marshall in 1890, when the term 'political economy' is replaced by 'economics.'²⁹

²⁸ A similar argument can be found with Shapiro (2002) who refers to it as *the Smith Effect*. The epitomization of Adam Smith as the arch-father of modern economics and even capitalism, has the effect that one reads in Smith a defense of capitalism and a proto-neoclassical economics for instance, while disregarding or suppressing those elements that do not fit the desired reading. Shapiro's approach is to re-read these suppressed parts of Adam Smith with a view of destabilizing the hegemonic readings.

²⁹ It inspired Jevons to write in the Preface to the second edition of his *Theory of Political Economy* that "it would be well to discard, as quickly as possible, the old troublesome double-worded name of our Science ... it is thus to be hoped that Economics will become the recognised name of a science" (Jevons 1879, 5).

Supplementing Foucault's line of reasoning with the insights of Tribe, it could be argued that the establishing of a modern discourse of economics, also entailed the maturing of economics as a truly governmental knowledge discourse. The transformation described by Tribe from political economy to classical political economy and then to economics, testifies of a progressive governmentalization of economic knowledge. It is obvious for both Taylor and Foucault that the birth of political economy and its later re-incarnation into modern economics was an integral part of the making of a liberal governmental order. In the modern view then, economics is bestowed with a privileged role as the principal governmental knowledge discourse.

Foucault has a very definite idea about what he means when he presents economics as a governmental discourse. To state that economics functions as governmental knowledge discourse need not be interpreted that economics literally offers governmental advice, rather the opposite. According to Foucault, political economy or economics is rather a sustained reflection on questions of government. As we saw above, within a liberal governmentality, the market functions as a site of "veridiction" in that it determines the truth or efficacy of governmental measures. As a knowledge discourse about the economy then, economics is the obvious candidate for providing the knowledge about the natural limits of government. Instead of providing a panoptic view of the economy, economics only offers a means to determine the limits of government.³⁰ Economics in this respect functions foremost as a critique of the art of government, by pointing out its limit: "this is an important moment when political economy is able to present itself as a critique of governmental reason" (Foucault 283). This leads Foucault to conclude that the relation between economics and government is one of laterality:

Political economy is indeed a science, a type of knowledge, a mode of knowledge which those who govern must take into account. But economic science cannot be the science of government ... Economics is a science *lateral* to the art of governing. One must govern with economics, one must govern alongside economists, one must govern by listening to the economists, but economics must not be and there is no question that it can be the governmental rationality itself. (286; italics mine)

In our modern imaginary then, economics functions as a governmental knowledge discourse in connecting practices of government with the naturalist market.

³⁰ Here Foucault appears to rely on an Austrian or Hayekian view according to which the economy is essentially unknowable and hence cannot be replaced by a planned economy (viz. Hayek 1948).

Conclusion

When arguing about the market and especially when arguing about its political stakes one unwittingly slips into a distinct frame of mind. This chapter explored some of the intellectual origins of this frame of mind. Using the work of Taylor and Foucault, its purpose was to reconstruct what could be called the modern image of the market. Key to the modern image of the market is to depict the market and the realm of politics as split into two opposing spheres. Three interconnected features were identified that characterize the modern image of the market. First, the modern view is premised upon what was called a naturalist view of the market. It ascribes to the market the quality of being a (quasi-)natural, autonomous realm of social conduct, which is governed by its own laws and generates outcomes in an independent and voluntary fashion. The naturalist view moreover entails a compartmentalized view of the market and the political domain, viewing them as two separate and independent realms of social life. In the naturalist view, the market is presented as a depoliticized zone of economic conduct.

Secondly and following the naturalist view of the market, the modern view holds that politics and political power are to be understood in terms of government. Although the modern image typically has a less definite view of the political realm, it is generally depicted as a domain through which one exercises governmental control over the market. Because of the naturalist view of the market, one is predisposed to a governmental view of politics. Politics and political action are in the modern image always perceived in terms of government and governmental control over the market. The naturalist view of the market is hence coeval with a governmental view of politics. Third, the naturalist view of the market and the governmental conception of politics, prescribes a particular role for economic knowledge. In the modern constellation, the social sciences led by economics are designated to function as the privileged governmental knowledge discourse. Economics fulfills the role of providing governmental knowledge about the natural market. In a nutshell, the naturalist view of the market, a governmental conception of politics, and a governmental view of economic knowledge together make up the modern image of the market.

One crucial insight that emerged from both Taylor and Foucault is that the three aspects are fundamentally connected, and only together make up the modern image of the market. This means that the naturalist view of the market cannot be seen in isolation from a governmental view of politics and a governmental understanding of economics. Neither does a view of politics as government make sense without for instance a naturalist view of the market. For these authors, it constitutes their

account of modernity, or what makes our political world modern. Modernity is constituted by a governmental frame of intelligibility, from which our modern idea of the market cannot be isolated. It shows not just that our modern idea of politics is fundamentally governmental in nature, but also that it is deeply economic.

Foucault's analysis of the modern liberal governmentality brought one further insight to the fore. Besides expressing the governmental geography of the two opposed regions of the economy and politics, he most explicitly addressed their interrelation. In the liberal governmentality the domains of economics and politics are perceived as mutually limiting. Besides that the market can be limited by government, the market always – and this is the crux of the liberal governmentality – presents a limit to government. As a consequence of the naturalist view of the market, government is inherently limited. Good government requires first the recognition that society takes care of itself and secondly, that society naturally presents a limit to what government can achieve. The principle of liberal government is not merely to recognize that the market does things well, but mainly that it limits what government can do and that government is always limited.

One way of summarizing the analysis of this chapter then, is to view it as an inquiry into the historical conditions of possibility of our contemporary political discourse about the market. Using Taylor's vocabulary, the modern view of the market is a corollary of the modern social imaginary. Following Foucault the modern view of the market is another expression of a modern, liberal governmentality. Whether as imaginary or governmentality, the modern market image effectively represents the underlying structure of modern political discourse about the market. One could claim therefore that the modern image of the market until today continues to structure our arguments about the market and presents the mold through which we can meaningfully argue about the politics of the market. If we are to determine whether our contemporary discourse about the market is any way new and unprecedented, we will have to assess in what ways it departs from the modern image as it is relayed here.

The modern view of the market, however, represents a great irony. As said, modernity has produced an image of the world in which the freestanding market and the realm of government are presented as two opposing spheres. As a consequence we inhabit a world where the market and government, the economy and the polity, and the disciplines of economics and politics are perceived as cleanly demarcated. The irony is that along the way we appear to have forgotten the deep links that exist between the two. And thus we tend to think of the market as a strictly economic phenomenon that is divorced from politics and the only way

to conceive of political action is through governmental intervention. By promoting an oppositional dance of market and state, there is a tendency within modernity to conceal their inner connection. Given this success of the project of modernity, it has become necessary to recover the fundamental conceptual interdependence between the market and government that was constitutive of it.

Having spelled out the modern view of the market, we may be in a better position to put the cartoon from the introduction into perspective. As may now be obvious, the cartoon clearly draws on the modern view of the market. It wittingly employs the modern opposition of the market and the state by suggesting replacing one by the other. Yet, that is also where the agreement ends. The cartoon willfully transgresses the modern opposition of market and state, by suggesting that the market should do the governing. In doing so it subverts the modern division of labor between the naturalist market and a governmental state. Of course, a cartoon should never be taken too literal and one of the reasons why the cartoon is funny is exactly its play with the conventional, modern distinction between market and state. As I read it however, this play *with* the modern distinction is a comment on a deeper play *on* the modern image that is characteristic of our contemporary discourse on the market. So the cartoon draws our attention to a transformation that our modern view is undergoing. As such it may be indicative of a wider trend in which the modern image comes under pressure and is destabilized. While this development is generally referred to using the label of neoliberalism, it is less clear what it exactly amounts to and how it affects our modern image?

Against this background, this chapter prepares the idea that contemporary discourse about the market depends critically on the modern image of the market and the way it perceives its relation to the state. Contemporary neoliberal discourse about the market, even if it like the cartoon profoundly challenges the modern image of the market, at the same time remains indebted to it. Rather than a wholesale abandoning of the modern market view then, contemporary market discourse, even in its most radical neoliberal permutations, thus keeps on returning to the modern image of the market. Before we can begin to consider these contemporary neoliberal transformations of the modern image of the market, we need to be reminded what it meant to be modern in the first place.

The next chapters study how contemporary neoliberal discourse is rearticulating the modern view of the market. They will explore how the imaginative use of the market image has contributed to an unraveling of the modern liberal governmentality. As we will see in the coming chapters, the modern view is

gradually coming under siege but nonetheless still animates contemporary discourse about the market. One of the conclusions of this chapter was that in the modern view, the discourse of economics is cast in the role of governmental science. It is portrayed as having a major part in articulating the liberal political rationality. Since it is not very common to cast the discourse of economics in this way, the next chapter examines to what extent this claim holds.

Chapter Two

The Governmental Science of Textbook Economics

I don't care who writes a nation's laws – or crafts its advanced treaties – if I can write its economics textbooks

(Paul Samuelson, interview in *The New York Times*, cited in Skousen 1997, 150)

Introduction

It was the argument of the preceding chapter that modernity endowed us with a distinctively modern account of the market. This modern idea of the market was critical for the emergence of a modern idea of politics that is firmly rooted in a liberal governmentality. The historical and philosophical analyses of Taylor and Foucault showed that our modern ideas of government critically rely on a naturalist view of the market. The latter performed a vital role in the emergence of a modern, liberal notion of government, in which the market is both an object of government and functions as its limit. In their analysis, Taylor and Foucault ascribed a central role to the field of economics in imagining and reflecting on this governmental order. The discourse of economics, in their view, has been instrumental in delineating the market as an independent realm of conduct and politics as government of that market.

This obviously raises the question whether economics today could still be said to perform this role as it seemingly conflicts with our current understanding of economics as a quasi-natural science of the economy. Ironically, one of the effects of the modern view is not just the delineation of the market and the state as two separate domains in society, but also that it has given way to two separate disciplines that study these domains: economics and political science. The modern view thus fashioned an equally modern division of labor within the social sciences, in which economics is devoted to studying the economy and political science to the political system. What tends to get lost in this neat division of labor is the mutual constitutiveness of the two domains. This is particularly true for economics, which tends to be portrayed as the a-political science of the market. In our current perception of economics the naturalist view of the market is perhaps all too present that it tends to obscure the governmental function it serves.

The purpose of this chapter is to re-evaluate the political nature of contemporary economic discourse and to see to what extent it corresponds to the modern, governmental view as outlined in the previous chapter. Is the modern, governmental view of the market still propagated by economic discourse? To what extent is the modern view still prevalent and especially, how is it advanced in the discourse of economics today? Does it make sense to claim that the account of the market in economics today performs the governmental role attributed to it by Taylor and Foucault? As a way to gage the place and function of the concept of the market in the discourse of economics, I resort to the introductory textbook as its proxy. As I will show below, the textbook offers an insightful view into economic thought and its popular imprint. Functioning as a public representation of the discipline, the textbook is a rich source for assessing the stories economists tell of the market. More specifically then, I will ask how the market is introduced in the textbook and what governmentality it helps articulating. While our first purpose is to determine whether and how economic discourse is involved in the articulation of a modern liberal governmentality, analysis of the economics textbook may also be instructive for witnessing potential competing articulations and possible transformations of this governmentality.

After a brief introduction of the textbook genre, I will consider how the market is represented in Samuelson's *Economics* (with William Nordhaus, 2005) and what governmentality it articulates. With the first edition published in 1948, Samuelson has set the stage for the modern textbook.³¹ It will become obvious that besides fixing the standard for how economics is taught, Samuelson also firmly entrenched the naturalist view of the market and the modern liberal art of government into textbook economics.³² By now the textbook market has however been flooded with competitors, each offering an alternative account of the market and its relation to politics. I will review a number of these important players on the textbook market such as Baumol and Blinder (2006), Stiglitz and Walsh (2008), Krugman and

³¹ With its longish, verbal and non-graphical analysis, one would hardly recognize today's textbook in Samuelson's 1948 *Economics, an Introductory Analysis*. The first edition is practically void of the now ubiquitous supply and demand diagrams and does not abide by the current ordering of micro and macro-economic topics. Supply and demand and discussions of market structure for instance are only introduced from chapter 19 onward. Micro-economics only assumed its current, central place in the fourth edition of 1957. Perhaps the only steady factor from the beginning until today are the three opening chapters which introduce the central problem of economics within a mixed capitalist economy. The first subsection of Chapter One still carries the same heading in today's 19th edition, just as it did in 1948: "To Whom the Bell Tolls."

³² For an interesting reflection on his own accomplishments as a textbook author, see Samuelson (1997).

Wells (2006), among others.³³ While all of these contenders are still firmly rooted in the modern liberal governmental tradition, it will become clear that they also manage to articulate alternative versions. The analysis will end with the biggest contender to Samuelson's canonical fame, namely Mankiw's *Economics* (European Edition with Mark Taylor, 2006) now rumored to be the bestselling textbook on the market (Beam 2005). It will be shown that Mankiw's textbook could be seen as an important representative of a new generation of textbooks that inaugurates a slow but decisive break with the modern liberal governmentality.

As will become clear throughout the chapter, the conclusion seems warranted that modern economics as taught by its textbooks, is a deeply governmental science. While it remains thoroughly committed to the modern liberal governmentality one can nonetheless also witness the emergence of a new type of textbook that slowly subverts the modern governmental opposition of market and government.

Textbook Economics

The economics textbook constitutes a genre of its own. As a pedagogical text written for the beginning student by often reputable economists, it presents a simplified account of the economy and the science that studies it. What is so peculiar about the textbook and why is it a good source for studying the governmental outlook of economics?

The first thing to notice is the high degree of uniformity within the textbook. Appendix 2 presents a table summarizing the contents of the twelve textbooks that were considered for this chapter. It shows that all textbooks basically have the same structure. It typically opens with a prefatory section, followed by two main sections on microeconomics and macroeconomics. Some have a final section devoted to international economic issues or a conclusion. Of these, the preliminary chapters are particularly significant because they situate the discipline, its subject matter, and its principal orientation. Usually, it starts by introducing a general economic problem, such as the problem of scarcity and choice, and by addressing the question of how society organizes its economy. Here, one typically encounters a brief discussion contrasting the merits of the market and the market economy to those of government and centrally planned economies. A recent trend is to open the textbook by reciting a number of general 'principles' – ideally ten – to explain

³³ For a complete list of the textbooks surveyed, see appendix 2.1, at the end of this chapter.

how economics studies and understands the world.³⁴ The student is then encouraged to apply these principles to all sorts of phenomena and to start “thinking like an economist.” This newer genre of ‘principles’ textbook no longer defines economics in terms of a central object or problem, but rather as a way of thinking. It is a first signal that economics is increasingly presenting itself as a particular way of thinking about markets.

The general thrust of the preliminary chapters is to warm the student to the idea that economics centers on studying the market and its potentially beneficial powers. After a few methodological remarks on the scientific nature of economics, such as the use of models or the distinction between positive and normative economics, the textbook invariably proceeds to introduce the market, as its main protagonist. This sets the stage for a more detailed encounter with the market in the micro-economic chapters. In the macro-sections that follow, the market appears to fade into the background as it is replaced by the notion of ‘the economy.’ Despite this change in focus, it nonetheless resurfaces in macroeconomics as a central idea, most notably in the guise of aggregate demand and aggregate supply, but also to describe the markets for capital or money.³⁵ Up until the end, the textbook can be seen as hammering the outlook of economics on the market.

Another striking feature of the textbook genre is that it has evolved to present a highly standardized and stylized account of economics. Notwithstanding differences in presentation, most textbooks cover a similar range of topics and concepts. All major textbooks appear to convey a similar, canonical account of economics. Because the textbook is moreover virtually devoid of elements often

³⁴ As an example one could think of Mankiw and Taylor’s principle 6 which states that one of the principles of economics is that “markets are usually a good way to organize the economy” (*MT* 9).

³⁵ The use of AS/AD analysis in the textbook is contested. There are significant differences between textbooks in how AS/AD analysis is employed and how they explain its theoretical underpinnings. Colander (1995) has argued that the AS/AD schedule is theoretically problematic – the relation between the price-level and aggregate demand and supply requires additional theoretical assumptions which are glossed over by the diagram – and notes that most textbooks have difficulties conveying what it precisely represents. The reason it persists in the textbook is pedagogical because after the micro-section its logic is immediately and intuitively clear. Some authors, such as Baumol and Blinder willfully exploit the analogy: “Whether you are taking a course that concentrates on macroeconomics or one that focuses on microeconomics, the discussion of supply and demand in Chapter 4 served as an invaluable introduction. Supply and demand analysis is just as fundamental to macroeconomics as it is to microeconomics” (*BB* 486). Others, for example Krugman and Wells explicitly caution their students against a simple conceptual transfer: “You might think that the downward slope of the aggregate demand curve is a natural consequence of the law of demand we defined back in Chapter 3 ... This turns out to be a misleading parallel. The demand curve for any individual good shows how the quantity demanded depends on the price of that good, holding the prices of other goods and services constant ... But when we consider movements up or down the aggregate demand curve, we’re considering a simultaneous change in prices of all final goods and services” (*KW* 647 italics omitted).

encountered in other social sciences, such as a historical overview of the discipline, a review of competing theoretical schools, and attention for research methods or empirical evidence for instance, it presents a story of the economy that is purged of any grounds of contestation.³⁶ The effect is that the textbook presents itself as relaying the uncontested truths about the economy as seen by the discipline.³⁷ Rather than introducing the student to an overview of the scientific issues and debates within the discipline, the textbook presents a sort of received view of economics. The textbook thus teaches a kind of ‘textbook economics,’ a simplified, idealized, and canonized form of economics.

It should perhaps not come as a surprise that the economics textbook tells such a uniform story. Considering that textbooks are bought by students, but selected by their professors, they have to conform to what the general profession thinks is the gold standard of economics. As Colander (2006) found out, the textbook author is held by a “15% rule.” In order to have your text accepted and adopted in the market for textbooks, he claims, its contents should not diverge more than fifteen percent from the mainstream presentation. One should perhaps add a second 15% rule, which states that all non-standard, heterodox textbooks that violate the rule are confined to a corner of the market which will never be larger than 15%. Either way, the 15% rule may be taken as a telling proof of the existence of a circumscribed brand of textbook economics.

Given the peculiarity of its genre, it may seem unwarranted to use the textbook as way to assess the governmental outlook of economics. Considering that it presents a highly stylized and watered down version of economics, it could be claimed that the textbook is hardly representative of the current state of research in economics (viz. Colander 2005). There are broadly two reasons however why the textbook is a valid and effective source for probing the general outlook of economics. The first reason is that the textbook acts as an important conduit through which economic knowledge is made public. It is estimated that over one million undergraduate students take an introductory economics course in the US every year (Maier 2003, 28) while the annual turnover of the introductory economics textbook market exceeds ‘100 million (Beam 2005). As said, one of the first modern textbooks was Paul Samuelson’s *Economics* published in 1948. In 2009 when Samuelson died, it

³⁶ With its emphasis on the received view of the economy, the economics textbook sooner resembles a physics textbook than a textbook in political science or sociology.

³⁷ That it is concerned with presenting the received view within economics, is underscored by the fact that rhetorically speaking the text prefers to refer to economics in either a self-satisfied third-person singular or inclusive first person plural.

was in its 19th edition with co-author William Nordhaus. This textbook alone, reportedly sold more than four million copies during its lifetime and was translated into over forty languages (Elzinga 1992; Gottesman, Ramrattan, and Szenberg 2005). The primary function of the textbook is to make economic knowledge accessible and intelligible to a non-initiated public. Although one need not have any illusions about the actual impact of the introductory course, the economic insights advanced by the textbook can nonetheless be assumed to constitute an important frame of reference for the public mind. Whether in the media, public opinion, or public policy for instance, economists and non-economists alike are often seen to rehearse textbook accounts of economics, as Gordon (1994) has pointed out. As many forms of public economic knowledge appear to be indebted to the economic textbook, the latter is a representative proxy for exploring the political nature of economic discourse.

A second reason why the textbook is a valuable genre to study is exactly its relation to, and place within the discipline of economics. For sure, the textbook maintains a somewhat convoluted relationship to the discipline it teaches. Constituting a genre of its own, textbook economics is hardly representative of the discipline at large. Colander (2005) for instance argues that there has been a growing gap between what economists teach and what they do. While the textbook still teaches economics as once introduced by Samuelson, emphasizing deductive theory and models, it hardly reflects the increased statistical and empirical nature of contemporary economics, he argues, let alone more recent innovations such as experimental and behavioral economics. The *Journal of Economic Education*, which is devoted to the teaching of economics, abounds with articles criticizing the introductory textbook for its incorrect or incomplete treatment of this or that topic in economics.³⁸

That being said, I think the textbook genre can still be considered a good approximation of the economic mindset, as it can be read as an extended self-reflection on economic knowledge. Containing a selection of concepts, theories and insights that are deemed important, the textbook presents a self-image of the discipline through the eyes of its oft reputable authors. Moreover, given that at the end of the day they are selected and prescribed by peers in the field, textbooks must appeal to a broadly shared self-image of the discipline (viz. Colander 2006,

³⁸ The *Journal of Economic Education* regularly publishes articles with titles, such as 'Retiring the Short-Run Aggregate Supply Curve' (Elwood 2010) 'General Equilibrium Models: Improving the Microeconomics Classroom' (Nicholson and Westhoff 2009) or 'Overemphasis on Perfectly Competitive Markets in Microeconomics Principles Textbooks' (Hill and Myatt 2007), which argue for correcting the textbook for its faulty treatment of economics.

33-44). Together, these factors make that textbooks even if they are not representative of the current state of the field, nonetheless propagate a stylized, canonical, and disciplinary account which reflects the discipline. Klammer has used the metaphor of a “self-portrait,” suggesting that the textbook is a self-conscious presentation of oneself to the outside world (quoted in Seiz 1990, 163n4). Seen as a self-reflection on economic knowledge together with being its public image, textbook representations present fertile material for studying whether and how economics helps articulate a modern liberal governmentality.

The textbook genre has of course been studied before. As said, it has especially been queried for how it represents the discipline (e.g. Colander 2006) or its theoretical predispositions (e.g. Skousen 1997). Others have studied the textbook for its political and ethical biases (e.g. Feiner 1993; Feiner and Roberts 1999; Heath 1994; Northrop 2000). Employing a rhetorical perspective, Klammer (1990) has studied the textbook from a methodological point of view. Based on an analysis of the opening chapters of consecutive editions of Samuelson, Klammer argues that the textbook is characterized by a “scientistic rhetoric,” which is intent on portraying economics as a serious science and presents the economics it teaches as the only authoritative view.³⁹ From Klammer it could be inferred that the primary function of the textbook is to buttress the scientific status of economics. While the textbook definitively has such a function, the approach taken here takes these claims a step further, by arguing that its scientism should be seen as part of a larger, governmental discourse. If economics were to present itself as a purely scientistic discourse, one would expect it to approach the market and the economy in distinct scientific terms, by emphasizing theoretical and empirical debates and finding, and especially research methods. As we will see however, the economic textbook instead appears to be couched in governmental language and addresses itself to questions of government rather than science. What is presented as the science of the market, turns out to be a treatise on government.

The Samuelsonian Textbook: A Classic Liberal Governmentality

Turning to the archetype of the modern textbook which is Samuelson’s with Nordhaus, the governmental nature of the economic textbook is immediately evident. As said, Samuelson’s 1948 textbook has set the standard for the way economics has been taught since World War II and its impact on the textbook

³⁹ For an incisive analysis of the problematic nature of the way in which the textbook discourse privileges its own authoritative account of the economy over everyday accounts of the economy, see Amariglio and Ruccio (1999).

genre is beyond doubt. Its account of the market and its relation to politics almost literally reiterates Foucault's description of political modernity and liberal governmentality. The way the market is presented and situated in this textbook, I would argue, is a classic expression of a modern liberal governmentality. Recall from Chapter 1 that the modern view is predicated upon a naturalist view of the market and entails a governmental view of politics. In a naturalist view of the market, the market is presented as a (quasi-)natural phenomenon with its own order. Political involvement with the market is as a consequence governmental, that is, concerned with governing the natural market. In comparison to most other textbooks, Samuelson and Nordhaus' account is a classic expression of the liberal governmentality, as they present the market in overtly naturalist terms, and put forward a distinctly governmental vision of politics.

A Naturalist View of the Market

One need not search long for the natural attributes in Samuelson and Nordhaus' account of the market. Their account of the market is steeped in naturalist terms. In the introductory chapters, they emphasize the natural order of markets. Under the heading "what is a market?" they write that markets may look "like a jumble of sellers and buyers" but upon closer inspection there "is convincing proof that a market system is neither chaos nor miracle. It is a system with its own internal logic. And it works" (SN 26). The underlying logic of the market referred to here, is a natural order. Samuelson and Nordhaus' official definition of the market confirms the naturalist view when it represents the market as a mechanism: "A market is a mechanism through which buyers and sellers interact to set prices and exchange goods" (SN 27). In line with the mechanical description of the market, it is moreover claimed that "prices are the balancing wheel of the market mechanism" (SN 27) and that the market consists of forces that find an equilibrium: "as they balance all the forces operating on the economy, markets are finding a market equilibrium of supply and demand" (SN 27). Right from the start, the market is presented in naturalist terms.

The emphasis on the natural order of the market returns in the first technical chapter on the analysis of markets. In the opening lines of the third chapter on the "Basic elements of supply and demand," the market is portrayed as a complex natural phenomenon comparable to the weather:

Like the weather, markets are dynamic, subject to periods of storm and calm, and constantly evolving. Yet, as with weather forecasting, a careful study of markets will reveal certain forces underlying the apparently random movements. To

forecast prices and outputs in individual markets, you must master first the analysis of supply and demand. (SN 45)

The market is again presented as a natural order hiding behind seemingly random events. That order can be decomposed into natural “forces” and knowledge of these forces enables one to predict outcomes. The language of independent forces returns in the description of supply and demand, for example in a section called “Forces behind the Demand Curve”:

we will see how the market price is determined where these two curves intersect – where the forces of demand and supply are just in balance. It is the movement of prices – the price mechanism – which brings supply and demand into balance or equilibrium. (SN 45-46)

The market mechanism is conceived as the interplay of forces that through the “movement” of prices reach a state of “balance or equilibrium” of its own accord. The natural order of the market is once more affirmed by pointing out that it is covered by laws, such as the “laws” of supply and demand:

It is based on common sense as well as economic theory and has been empirically tested and verified for practically all commodities ... Law of downward-sloping demand: When the price of a commodity is raised (and other things are held constant), buyers tend to buy less of the commodity. (SN 47, emphasis omitted)

Samuelson and Nordhaus top off their naturalist account of the market with a reference to Smith’s invisible hand. Although the metaphor of the invisible hand has many rival connotations which are not all necessarily natural (viz. Grampp 2000; Rothschild 2001), Samuelson and Nordhaus exploit it like most other textbook authors, to convey the naturalist view of the market: “the order contained in the market economy was first recognized by Adam Smith” (SN 29). The natural forces of the market work behind our backs like an invisible hand, to produce its outcomes. To emphasize the natural-ness of the market, in a passage that is rife with mechanical language, Samuelson and Nordhaus explicitly link Smith’s ideas to those of Newton:

Adam Smith ... glimpsed for the social world what Isaac Newton recognized for the physical world of the heavens ... In the *Wealth of Nations* ... he explained the self-regulating natural order by which the oil of self-interest lubricates the economic machinery in an almost miraculous fashion. (SN 30)

The naturalist view of the market has some important implications. First is the promise of objective knowledge when one masters its natural laws: “If you understand how supply and demand work, you have gone a long way toward understanding a market economy” (SN 45). The natural character of markets and its laws for instance allows one to predict of outcomes: “To forecast prices and outputs in individual markets, you must first master the analysis of supply and

demand” (SN 45). The association of a naturalist market with objective knowledge of the market consequently creates a sense in which the natural market itself can be mastered. Secondly, the natural view gives way to a compartmentalized view in which the market is seen as a world of its own that occupies a separate domain. The market represents a socially delimited or demarcated zone of economic activity: “In a general sense, markets are *places* where buyers and sellers interact, exchange goods and services, and determine prices” (SN 26, emphasis added). To express that the market inhabits a realm of its own, it is often referred to as a *marketplace*: “Today most decisions in the United States are made in the marketplace. But the government plays an important role in overseeing the functioning of the market.” (SN 8). This serves to show that the demarcation of the naturalist market is, as we will see in the next section, important for differentiating it from the realm of government.

Articulating a Modern Liberal Governmentality

To argue that the economic textbook presents a naturalist view of the market, painted in rich mechanistic colors, may on the face of it not be surprising. It has been pointed out before that economics avails oneself of naturalist language and imagery (Mirowski 1994), has been inspired or borrowed from the natural sciences (Mirowski 1989) or even is continuous with the natural sciences (Schabas 2005).⁴⁰ Moreover, if economics is the science that studies markets, then it is more or less by definition wedded to some form of naturalist view of the market. As we saw in the previous section however, the naturalist market features in a very specific context which is unlike what is commonly argued (viz. Klammer 1990) not unequivocally scientific in nature but rather governmental. A closer look at the opening chapters of Samuelson and Nordhaus that precede the more technical chapters on supply and demand analysis, tellingly illustrate the governmental subtext in which the naturalist market figures. When Samuelson and Nordhaus first introduce the fundamental questions of economics and economic organization in chapter 1 – what goods should be produced in society, how, and for whom – the governmental nature of their discourse is immediately obvious. In keeping with the compartmentalized view, they juxtapose the market and government to present the idea that society basically has a choice between either market or government provision:

⁴⁰ Besides the mechanistic imagery cited here, the textbook avails itself of a wide range of naturalist images in describing the market such as organic, medical, engineering or information and computer metaphors to name a few.

We generally distinguish two fundamentally different ways of organizing an economy. At one extreme, *government* makes most decisions, with those on top of the hierarchy giving economic commands to those further down the ladder. At the other extreme, decisions are made in *markets*, where individuals or enterprises voluntarily agree to exchange goods and services, usually through payments of money (SN 8, italics mine).

The market is thus from the outset presented as part of a governmental discourse that is concerned with questions of how to govern society. The second chapter, titled “Markets and Government in a Modern Economy” only confirms that the question of the market is firmly rooted in the modern, governmental outlook. It at once highlights two important features of the governmental nature of economic discourse. First, it reiterates the modern separation of the market and the sphere of the political, a testimony of the compartmentalized view. Subsequently, it presents the market and government as alternative yet interchangeable forms of governance. With a token overview of the shifting relation between the market and government throughout history, it shows that the stakes of the market are ultimately governmental in nature:

This capsule history of the shifting boundaries between government and market raises many questions. What exactly is a market economy ... What government controls are needed to make markets function effectively? The time has come to understand the principles that lie behind the market economy and to review government’s role in economic life. (SN 26)

Invoking Adam Smith’s metaphor of the invisible hand, the market is furthermore portrayed as a natural, objective system for coordinating economic activity. In contrast to government the market brings a natural order to economic life in which:

no one individual or organization or government is responsible for solving the economic problems in a market economy. Instead, millions of businesses and consumers engage in voluntary trade, intending to improve their own economic situations, and their actions are invisibly coordinated by a system of prices and markets (SN 26, italics omitted).

From the opening chapters it hence becomes evident that the market features within a governmental rather than a purely scientific discourse. Emphasizing both the naturalist and compartmentalized view, this governmental discourse moreover has all the markers of a modern liberal governmentality.

The governmental nature of economic discourse and the role of the naturalist market therein, is perhaps best illustrated using Adam Smith’s notion of the invisible hand. It is very instructive to see how Samuelson and Nordhaus use it in the opening chapters to articulate a classic version of a liberal governmentality. The idea of the invisible hand has a pivotal role in the modern liberal governmentality because it performs a double function. Rather than merely

positing the natural order of the market, it at the same time defines the place and role of government:

An ideal market economy is one in which all goods and services are voluntarily exchanged for money at market prices. Such a system squeezes the maximum benefits out of a society's available resources without government intervention. In the real world, however, no economy actually conforms totally to the idealized world of the smoothly functioning invisible hand. Rather, every market economy suffers from imperfections which lead to such ills as excessive pollution, unemployment, and extremes of wealth and poverty ... For that reason, no government anywhere in the world, no matter how conservative, keeps its hands off the economy. In modern economies, governments take on many tasks in response to the flaws of the market mechanism. (SN 35)

What we see here is that the invisible hand first teaches us that the market constitutes a natural order which has the potential of solving the economic problem of society. It moreover urges us that it will do so best when any form of government intervention is absent. What is more, when left to its own devices the natural order of the market brings about "maximum benefits", which are better than any government could possibly achieve. Besides positing the natural order of the market then, the invisible hand in addition serves to circumscribe the role of government. By not just juxtaposing the natural order of the market to government but also posing it as a limit to government, the invisible hand has helped articulate a liberal governmentality. The metaphor of the invisible hand hence demonstrates that the naturalist market is intimately tied to, and an intrinsic part of a liberal vision of government.

As the passage shows however, for Samuelson and Nordhaus this is not the complete story about the governmentality inherent to the idea of the invisible hand. They claim that the real world not always conforms to the ideal world of the invisible hand. When for some reason the natural order of the market falters or breaks down, they argue, they use the logic of the invisible hand to legitimize a role for government for remedying its flaws:

When any of these elements occur [market failures or considerations of income distribution], Adam Smith's invisible hand doctrine breaks down and government may want to step in to mend the flawed invisible hand. (SN 30)

Samuelson and Nordhaus can here be seen to reverse the governmental logic of the invisible hand. Where on the one hand the invisible hand or the naturalist market are a warrant against government, a breakdown of the invisible hand conversely legitimizes government intervention. In economics, the breakdown of the invisible hand is commonly referred to with the term *market failure*. Based on the logic of market failure then, Samuelson and Nordhaus define three roles for government in

the economy as a response to three possible flaws of the naturalist market (see for instance table 2-1 “Government Can Remedy the Shortcomings of the Market,” *SN* 40). The first role of government is that of restoring efficiency in situations of market failure caused by for instance imperfect competition, externalities or public goods: “market failure leads to inefficient production and consumption, and government can play a useful role in curing the disease” (*SN* 36). Second is to correct the distribution of income. The natural order of markets may produce outcomes that are politically undesirable in terms of equity:

A nation does not need to accept the outcome of competitive markets as predetermined and immutable; people may examine the distribution of income and decide it is unfair. If a democratic society does not like the distribution of dollar votes under a laissez-faire market system, it can take steps to change the distribution of income. (*SN* 39)

In response to a third instance of market failure, this time macroeconomic in nature, they finally see a role for government in stabilizing the economy or stimulating growth. In all three instances the role of government is defined in response to a perceived failure of the naturalist market or economy. The naturalist view of the market hence proves critical in defining the relation between market and government. It is central within the articulation of a liberal governmentality as it simultaneously acts as a limit to government and its possible legitimization.

So even before Samuelson and Nordhaus moved to a technical analysis of the market, they made sure to carefully situate the idea of the market as part of a modern conception of government. It should nevertheless be noted, that not all textbooks construe the naturalist market and subsequent role of government the way Samuelson and Nordhaus do. In a later section we will see that there are notable differences between textbooks in how they construe the interrelation of the market and government and that these entail variations on the liberal governmentality.

Economics as a Governmental Knowledge

The observation that Samuelson and Nordhaus’ discourse about the market in the textbook is deeply governmental also has important consequences for the status of economics as a science. On the face of it, the textbook presents itself in emphatically scientific terms. In the opening chapter, Samuelson and Nordhaus write:

Economists use the *scientific approach* to understand economic life. This involves observing economic affairs and drawing upon statistics and the historical record ... Often, economics relies upon analyses and theories ... In addition, economists

have developed a specialized technique known as econometrics, which applies the tools of statistics to economic problems (*SN*, 5)

The emphasis on the scientific nature of economics is further backed up by its reliance on the naturalist view of the market. But as Klamer (1990) has pointed out, there is a certain contradiction and irony in the scientific style of Samuelson's textbook. Its scientific rhetoric is first of all "misleading" as the scientific guidelines formulated in the introduction do not at all materialize in the practice of the textbook. The textbook indeed, pays practically no attention to research methods neither does it offer any discussion of empirical support for its theories. The "statistics" and "historical record" heralded by Samuelson and Nordhaus barely feature in the textbook, let alone the econometric techniques they refer to.⁴¹

In line with what was argued above, my reading is that the textbook's purpose is not primarily scientific, but governmental. Despite its rhetoric, the scientific analysis of the market in the textbook is secondary to the governmental orientation of economic discourse. Economics is not concerned with presenting a pure and neutral scientific account of the natural order of the market per se, but its purpose is governmental. By governmental it is meant after Foucault, that questions of government are of central concern to economics: how the economy can or could be governed. Economics is governmental because its analysis of the economy from the outset involves a perspective on its governance. The claim here is that economics is a governmental science as opposed to the social physics it is often held to be. Rather than only presenting an objective description of the economy, economics willingly or unwillingly articulates a mode of governing that economy. Despite its pretense to being a neutral science, economics unmistakably emerges from the textbook as a governmental science.

Witness for instance the purpose ascribed to economics by Samuelson and Nordhaus: "The ultimate goal of economic science is to improve the living conditions of people in their everyday lives" (*SN* 6, italics omitted). The purpose of economics as a science, are not couched in epistemological terms but as pertaining

⁴¹ Klamer (1990) describes the irony in Samuelson's scientist rhetoric as follows. Throughout the textbook Samuelson avails himself of a very rich or flowery, almost humanistic style. This humanistic style stands in stark contrast to the scientific attitude projected by the textbook and in fact tends to undermine it. He suggests that the "schizophrenic character" of Samuelson's rhetoric is the consequence of the dual market of the textbook which has to appeal to both instructors and students (151). Janet Seiz in her commentary on Klamer's paper, suggests that the humanistic rhetoric adds to Samuelson's authoritative ethos as a "tweedy, well-read, humane man of letters" (1990, 161). Following her lead, it could be argued that Samuelson's humanism is the consequence of an unsettled tension within economics, which simultaneously is, and is not at ease with its governmental orientation.

to the question of governing the lives and well-being of people. Importantly, the contribution of economics to the government of the well-being of the people is neither personally nor politically motivated, but has a base in science. Economics is therefore portrayed as a voice of reason in the pursuit of “a universal human goal”:

Society must find the right balance between the discipline of the market and the compassion of government social programs. By using cool heads to inform our warm hearts, economic science can do its part in ensuring a prosperous and just society. (SN 7)

Coolly and objectively, the governmental science of economics is meant to articulate the principles of rational government.

This ties in with the standard way within economics of understanding its relation to politics. In the opening chapters of every textbook there is a ubiquitous reference to the distinction between positive and normative economics. It is meant to convey that economic analysis should limit itself to questions of positive economics, and should not engage in normative questions. Samuelson and Nordhaus describe the latter as follows:

There are no right or wrong answers to these questions [of normative economics] because they involve ethics and values rather than facts. They can be resolved only by political debate and decisions, not by economic analysis alone. (SN 8)

The idea is that economics does not directly engage in political debate or political decision-making, but rather offers an objective appraisal of political questions. Its knowledge of the nature of the economy affords economics with a position to offer an objective stance on questions of government: “Economics cannot answer questions of how much poverty is acceptable and fair, but it can help design more effective programs to increase the incomes of the poor” (SN 39). Furthermore, in the objective analysis there is no place for political considerations: “As economists, we want to go beyond the partisan debates and analyze the functions of government” (SN 318). What this shows, is that the orientation of economics is at the outset governmental rather than political. It moreover shows that the governmental stance is predicated upon the naturalist view of the market. An objective analysis, which draws on the naturalist view of the market not just props up the scientific standing of economics but rather serves to affirm its governmental nature. Economics is in the end not merely a scientific knowledge of the nature of the market and the economy. Yet exactly because of its scientific standing, it is indeed also not a political knowledge but unquestionably, a governmental knowledge.

It is important to point out what exactly is entailed by claiming that economics is a governmental science. The positive-normative distinction introduced in the textbook has contributed to a misleading, bipolar understanding of economic knowledge as either objective or otherwise subjective, political, or ideological. To claim that economics is governmental is to side with neither of these. Economics is governmental because it presents itself as being concerned with questions of how to govern and because it assumes a governmental point of view. The ulterior objective of economics is to offer reasons of how to govern best. Claiming that economics is governmental, however does not imply that economics can no longer be objective nor that it is only driven by political aims. What shines through the textbook portrayal, is that the objective analysis of economics always appears against a background motivated by governmental questions and by seeking out governmental truths. Even in its most objective and most avowed a-political mode of analysis then, economics remains a governmental science.

To claim that economics is a governmental science also should not be taken to mean that economics is reduced to being a politically motivated science.⁴² While the governmental outlook of economics implies that economics always has a certain political force, it does not entail that it is reduced to mere political argument. Economics is not governmental because it is always arguing for or against a certain, say left or right leaning, political position, but rather because it is a-politically arguing for a particular governmental case. This is to recognize that government and politics are not strictly identical. While government is in broad sense always political, questions of government are not always political questions. Much of the topics covered in the textbook are unmistakably governmental, yet not openly political. One lesson is that the political power of economic discourse is therefore more likely to be found in its governmental articulations rather than in overt political exhortations. To dub economics a governmental science thus adds a

⁴² This question is different from asking whether economics as governmental science is part of political science or a branch thereof. Economics obviously shares its governmental outlook with political science. Political thought and political science more in particular have from the outset been characterized by a governmental outlook, as could be inferred from Foucault, while it is less straightforward to recognize the governmental nature of economics. In their most conventional definitions however, the object and methods of economics and political science are clearly distinct. Where economics studies the economy, political science is concerned with the political system. And while one can certainly witness trends toward overlap in both object and method between economics and political science, it would be an overstatement to claim that because they share a governmental outlook, economics is subsumed by political science. It is relevant however to note that if one recognizes that economics is a governmental science it is much more continuous with political science than is often assumed. Therefore, the boundaries between the two sciences are perhaps less definite than they tend to be perceived.

different layer for appraising the political status of economic discourse that takes us beyond the dichotomy of positive and normative economics, or objective and political economic reasoning.

Finally, to claim that economics is governmental should also be differentiated from it being an applied or policy science. The claim that economics emerges from the textbook as a governmental science does not mean that it is exclusively concerned with applied economic questions or with presenting concrete policy advice. Policy issues hardly feature in the textbook and if they do, they often serve as an example for a more general, conceptual point. Issues such as rent control, a tax on cigarettes, or pollution are introduced as examples to respectively explain concepts such as a price floor, the incidence of a tax, or externalities. The introductory textbook does not train its students in policy design or policy evaluation but rather confines itself to sketching the basic contours of economic policy. The governmental character of textbook economics would of course lend itself very well to becoming a policy science. That it does do so not in the end, may be taken as a signal that its principal interest is with conveying its governmental precepts. Textbook economics is thus best described as a governmental science without a need for a direct translation of its governmental precepts into concrete policies or advice. In this sense, the governmental discourse of economics could be said following Foucault, to operate “lateral” to practices of government.

In our review of the textbook discourse of Samuelson and Nordhaus, economics clearly emerges as articulating a classic account of a liberal governmentality. Starting from page one, the textbook has put its readers in a governmental seat and infused them with a governmental frame of mind. The naturalist account of the market served as the backdrop for articulating this governmentality by inspiring a liberal rationality of government. The naturalist market is the touchstone for what government legitimately may achieve, and especially what it cannot achieve. The logic of market failure highlighted this dual role of the naturalist market for delineating government most clearly. It shows how in a liberal governmentality, the naturalist market at the same time legitimizes the limiting of government as well as defines the proper scope of its intervention. As illustrated by the logic of market failure, the naturalist market forms in a liberal governmentality the anchoring point on which government hinges.

While we will see in the next section that all textbooks articulate a governmentality that is broadly liberal, Samuelson and Nordhaus’ can be singled out as expressing it in its most classic form. The reason I would qualify theirs as

the most classic, is because they use the market in a fairly evenhanded way to both warrant placing limits on government and as justification of government intervention. In its most classic form, one is aware of the double bind that the market puts on the space of liberal government. On the one hand liberal government is limited by the market, while on the other, the market and its shortcomings also justify government. While the logic of market failure is representative of the two-sidedness that characterizes the liberal governmentality, in the next section it will be demonstrated that its various guises betray alternative governmental articulations of the relation between market and state.

Varieties of a Liberal Governmentality

Samuelson and Nordhaus' textbook painted a picture of economics that was representative of a classic understanding of the liberal vision of government. If we subsequently extend our analysis beyond Samuelson and Nordhaus, it is not hard to see that a similar liberal governmental outlook characterizes all textbooks. It can be gathered for instance from similarities in how the subject matter of economics is introduced and how the naturalist account of the market figures in this. However, in our analysis of Samuelson and Nordhaus, the idea of market failure emerged as a quintessential example of the modern liberal art of government. The way it construes the relation between the market and the state is exemplary of a modern, liberal vision of government. Turning to the other textbooks then, they too invariably introduce some version of the logic of market failure. Concentrating for a moment on the logic of market failure as the archetypal expression of a liberal governmentality, it becomes obvious that its application is however far from uniform and that there are identifiable variations in how the idea of market failure is construed. Tracing how the various textbooks present the logic of market failure, will point us to a variety of liberal governmentalities.

The Governmental Logic of Market Failure

As said, the presentation of the notion of market failure is far from uniform and every textbook explains its logic differently. While some textbooks make the discussion of market failure a central piece, others appear to shun it. None of the textbooks however escape dealing with it, and reproduce it in some form or another. To begin with, there are notable differences for instance in what counts as market failure. The real issues surrounding market failure however are obviously of a governmental nature. The idea of market failure unwittingly raises issues such as whether market failure warrants government action, and if so, what forms of

government action is legitimized? Table 2.1 below offers an overview of the various uses of the logic of market in failure. It lists the definition given of market failure, what is counted as sources of market failure, and how the general role of government is portrayed. It offers a first look at the distinct governmental logics that are articulated using the notion of market failure.

A first way of differentiating the governmental logics of market failure is by the sources that are gathered under it. Not every textbook recognizes the same set of sources for market failure. Virtually every textbook refers to externalities and the impossibility of a market for public goods as sources for market failure. Many also include other types of goods, such as common resources or intergenerational goods, and point at asymmetric or imperfect information as a source of market failure. Some extend the doctrine of market failure to also include market power or imperfect competition. In the most inclusive set of sources of market failure, one also finds equity and macroeconomic stability among the elements.

The diversity in the list of potential sources of market failure becomes relevant when they are put into relation with the variation in the implied role of government. In all texts, the notion of market failure inevitably brings up the question of government. One can witness a wide range of modalities about the implied role of government regarding market failure. Government either ‘is,’ ‘can,’ or ‘may’ be a solution to market failure, while others are clearly skeptical. Samuelson and Nordhaus firmly claim that “government can play a useful role in curing the disease” of market failure (*SN* 36). Lipsey and Chrystal are most outspoken in claiming that market failure legitimizes government involvement: “governments provide the only institutions available to deal with many of these failures” (*LC* 299). Most other authors emphasize like Stiglitz and Walsh that government policies are a possible solution to market failure: “Government *may* be able to correct ... market failure and improve economic efficiency” (*SW* 242). While the common idea is that government policy is a possible solution to market failure, most authors are nevertheless hesitant about assuming an automatic link between market failure and government involvement. Rhetorically, this often manifests itself in adopting a more distant stance or a third person perspective:

most economists conclude ... that although the market mechanism is virtually irreplaceable, the public interest nevertheless requires considerable modifications in the way it works ... All of them [economists] call for the government to intervene in the economy (*BB* 327).

Most authors may not be as resolute as Samuelson and Nordhaus in affirming the classic governmental stance on market failure, but nonetheless see room for legitimating governmental action. But one can also find instances where the logic

of market failure leads to a dramatically different governmental attitude. In some texts for instance, one finds that the discussion of market failure is rather used to warn against too much government involvement. Authors such as Ruffin and Gregory, and Heyne et al., somewhat unexpectedly use market failure to argue that government had better keep its hands off altogether: “there is the possibility that government policy might make matters worse” (*HBP* 317). According to Ruffin and Gregory, government involvement may lead to all sorts of unintended consequences. Another, more common response is to point at the possibility of government failure besides market failure (viz. Colander, Heyne et al.). Baumol and Blinder therefore suggest that instead of abandoning the market for government, the solution is rather to be found in the “market environment” itself by “making use of the market mechanism to cure its own deficiencies” (*BB* 307). For them, market failure is instead an argument for more markets rather than more government. The upshot is quite curious. The logic of market failure as the quintessential figure of a liberal governmentality can point either towards more government, or towards more markets. Apart from restating the governmental orientation of economic discourse then, the logic of market failure especially draws our attention to a rich degree of variation in how the liberal governmentality can be construed of which Samuelson and Nordhaus’ classic version is only one.

The Imperfect Markets Governmentality

One of the first notable deviations from the quintessential modern market view of Samuelson and Nordhaus is found in textbooks that emphasize the imperfect nature of markets. The texts by Stiglitz and Walsh and Frank and Bernanke are notable examples of this sub-genre, which I label the *imperfect market view*. While their approach has much in common with the classic view, the emphasis on imperfect markets presents a significant twist to the modern liberal governmentality.

The defining feature of the imperfect market view is its departure from the ideal of perfectly competitive markets. As Frank and Bernanke describe it: “We now abandon Adam Smith’s frictionless world to investigate what happens when people and firms interact in markets plagued by a variety of imperfections” (*FB* 219).

Table 2.1: Definitions of Market Failure

Author	Definition of Market Failure	Source of Market Failure	Role for Government
Samuelson and Nordhaus	An imperfection in a price system that prevents an efficient allocation of resources. Important examples are externalities and imperfect competition (glossary)	Imperfect Competition Externalities Public Goods Imperfect Information	... government can play a useful role in curing the disease. (36)
Mankiw and Taylor	A situation in which a market left on its own fails to allocate resources efficiently (11, glossary) The inability of some unregulated markets to allocate resources efficiently (145)	Market power Externality Public good and common resources (nature of goods)	
Baumol and Blinder	No formal definition ... prevent the market from serving consumer interests most effectively by providing the products the public desires at the lowest possible prices (278)	Market/Monopoly power Externality Public Goods Intergenerational Goods Cost Disease Imperfect Information Rent Seeking Moral Hazard Principal-Agent problems	Our recognition of the market's limitations does not imply that the public interest calls for abandoning the market. As we will see, many of the imperfections of the economic system are treatable within the market environment, sometimes even by making use of the market mechanism to cure its own deficiencies. (307)
Lipsey and Chrystal	Any market performance that is less than the most efficient possible (the optimal) performance (644, glossary) The term market failure describes the failure of the market economy to achieve an efficient allocation of resources (277)	Market/Monopoly Power Externality Public Goods and Common Resources (nature of goods) Asymmetric Information Missing Markets	Coping with these market failures provides governments with major functions in addition to the law and order functions (278) ... governments provide the only institutions available to deal with many of these failures ... economists have designed many instruments, some of them highly subtle, by which government can deal with these failures. (299)
Stiglitz and Walsh	Situations in which a market economy fails to attain economic efficiency (glossary)	Imperfect Competition Externalities Public Goods Imperfect Information	Government <i>may</i> be able to correct ... market failure and improve economic efficiency (242) ... there can be a role for economic policies that lead to more efficient outcomes (242)
Frank and Bernanke	Market Imperfections: situations in which "the invisible hand that served society so well in the perfectly competitive world ... astray" (219)	Market/Monopoly Power Externalities Strategic Interdependence Imperfect Information	

Author	Definition of Market Failure	Source of Market Failure	Role for Government
Krugman and Wells	When the individual pursuit of self-interest leads to bad results for society as a whole (3) Occurs when a market fails to be efficient (154, glossary)	Market power Externality Information Asymmetry Public good, common resources, and artificially scarce goods (nature of goods)	
Colander	A situation in which the invisible hand pushes in such a way that individual decisions do not lead to socially desirable outcomes (427)	Externalities Public Goods Imperfect Information	Any time there is a market failure, it is possible that government intervention could improve the outcome. But it is important to remember that even if a market failure exists, it is not clear that government action will improve the result, since the politics of implementing the solution often lead to further problems. These problems of government intervention are often called government failure (427)
Ruffin and Gregory	Market failure occurs when the price system fails to yield the socially optimal quantity of a good (368)	Monopolies Externalities Public Goods and common resources	These weaknesses must be examined to determine the costs and benefits of interfering with the workings of the price system and possibly creating unintended consequences (58)
Heyne, Boettke, and Prychitko	The idea is that the market process fails to achieve some <i>optimal</i> standard. It also suggests that government corrective action can propel the market system <i>closer</i> to some hypothetical optimum (317)	Externalities Free-rider Problem	It also suggests that government corrective action can propel the market system <i>closer</i> to some hypothetical optimum ... But there is the possibility that government policy might make matters worse (317)
Riddell, Shackelford, Stamos, and Schneider	The inability of the market to produce an efficient (or acceptable) outcome (glossary)	Imperfect Competition Externalities Public Goods	In all of these instances of market failure The public sector may attempt to improve the allocation of resources (289)
Klamer, McCloskey, and Zillliak	Situation in which “real-world markets may not achieve a democratic ideal” or that “In the real world markets can work imperfectly” (Ch. 4)	Market Power Incomplete Information Price Inflexibility Transaction Costs Missing Markets Instability Unfair or Unethical Outcomes	

Stiglitz and Walsh open their textbook by remarking that “economists start with a simple model of how individuals and firms interact with one another in markets” (SW 25). This simple model they call “the basic competitive model” and it is characterized by the ideal of perfect competition. They however distance themselves from this account of markets and economics, by pointing out that the basic competitive model does not provide an accurate account of markets: “Virtually all economists agree that the competitive model is not a *perfect* representation of actual economies, but most economists still use it as a convenient benchmark – as we will throughout this book” (SW 28). Even though the idea of perfectly competitive markets serves “to highlight critical aspects of the economy that provide insight and help us understand” (SW 28), this model falls short in describing actual markets:

We will point out important differences between the predictions of the basic competitive model and observed outcomes, and ... we will show how this model can be extended to offer new insights into markets and situations that the basic competitive model cannot fully address (SW 28-29)

In Stiglitz and Walsh’ view there are four imperfections potentially impacting the model, namely imperfect competition, imperfect information, externalities, and public goods. They “represent cases in which the market does not produce economic efficiency” (SW 242). Real world economic phenomena are therefore better understood using models of imperfect markets. Thus understood, the imperfect market view consists of a call to leave the idealized world of perfect markets.

While the imperfect market view obviously presents a twist to the naturalist view of the market, it does not entirely abandon it. When Stiglitz and Walsh explain the model of the competitive market in more detail, they do so in naturalistic terms. Demand and supply are portrayed as forces: “a major objective of economists is to understand the forces that determine prices” (SW 53). They use the analogy with physics to describe the idea of equilibrium: “Physicists also speak of equilibrium in describing a weight hanging from a spring. Two forces are working on the weight” (SW 67). Markets are furthermore governed by “the law of supply and demand” such that “when the market is out of equilibrium, there are predictable forces for change” (SW 68). The insight of the imperfect market view is however that real world markets tend to depart from the idealized natural market. This need not mean that the main insights of economics have become superfluous: “the basic concepts of economics apply beyond the basic competitive model” and “economists have continued to find that these foundational concepts are crucial” (SW 240). Explaining outcomes of real-world markets however requires that one

accounts for its imperfections: “adding the complications of imperfect competition, imperfect information, externalities, and public goods to the basic model increases the ability to explain our economy” (*SW* 242). This suggests that imperfections are just as much part of the market’s nature as are its natural laws.

The imperfect market view has significant consequences for how the idea of market failure is approached. First is that the notion of imperfect markets supersedes the idea of market failure. Frank and Bernanke for instance avoid the language of market failure and only mention “market imperfections” (*FB* 219). Subsumed by the more general idea of imperfect markets, the language of market failure has largely become redundant. Stiglitz and Walsh alternatively at some point formulate a general principle that “Imperfect Markets Lead to Market Failures” (*SW* 242). This suggests that market failure is seen as a regular corollary of imperfect markets. As a consequence, market failure is no longer construed as an aberration in the ideal world of perfect markets, but rather, as an integral feature of real, imperfect markets. In the imperfect market view, market failure is less of an anomaly than the norm.

That this is not just a semantic shift from market failure to market imperfections, is shown by its governmental meaning. The ‘normalization’ of market failure under the banner of imperfect markets has significant governmental implications:

...economists have also found significant ways in which modern economies do not fit the basic competitive model ... Before we can understand the role of government in the economy, we need to understand how the differences between modern economies and the world envisioned in our basic competitive model affect the ways markets work ... These differences can help account for the important role that government plays in our economy (*SW* 239).

Since imperfect rather than perfect markets are the norm, it is suggested here, that there is a natural place for government in the economy. In a world of imperfect markets, government intervention is no longer treated as a foreign or external intervention as was the case with market failure, but rather seen as an integral part of the economy. Shunning the language of ‘failure’ moreover, tones down the negative connotations. With less stress on repairing the market’s failings, the function of government has shifted from auxiliary to a more permanent fixture. No longer a ‘remedy,’ in the imperfect market view government action is a natural corollary of imperfect markets. Since markets are by nature imperfect, there is consequently more naturally a role for government. Shifting from market failure to imperfection, the legitimacy of government involvement in the economy is more natural.

The real import of the imperfect market view is hence not merely restricted to its conception of markets, but is above all governmental. The altered view of markets and government in the imperfect market view results in a modified version of the liberal governmentality. Representing the economy as an independent but imperfect zone of economic conduct, legitimizes permanent governmental involvement not just to repair incidental failings. With markets prone to imperfection, there is a natural demand for any form of government to address these imperfections and to restore efficient outcomes for society. When imperfect instead of perfect markets are the point of departure, the question of government suggests itself with ever more acuteness. Markets are met with less reverence and government with less suspicion. The governmental question in the meantime remains a subtle, liberal balancing act between the two. While an important variation however, the imperfect market view nonetheless remains firmly rooted within a broader modern liberal governmentality. Even though the notion of imperfect markets is trading places with perfect markets, the market in the end remains the bedrock of this governmentality. Government moreover remains to be perceived as a form of outside intervention in an independent economic realm whose function is legitimized against its performance in that realm. That being said, alternative conceptions of the market however, such as the imperfect market in this case, turn out to be crucial for articulating variations on the liberal governmentality.

The Free Market Governmentality

In our discussion of market failure, one sub-genre of textbooks stood out because they were highly critical of utilizing market failure as a way to legitimize government action. These texts point us at another variation of the classical liberal governmentality. As these texts are much more skeptical about government and advocate letting the market free, they could be said to articulate a *free market* version of the liberal governmentality. Examples of this orientation are a moderately free market text by Baumol and Blinder, Ruffin and Gregory who are partial to a public choice perspective and Heyne et.al. with an Austrian orientation.

The defining feature of the free market view is a strong emphasis on non-interference with the market, which is, letting the market ‘free.’⁴³ The free market

⁴³ The label ‘free market,’ ‘free market economics,’ or ‘free market politics’ is popular inside and even more outside of economics. It is a curious term however. It is not so much a descriptive term of markets – as if there is such a thing as an unfree market – but serves to denote a political attitude towards markets. This attitude is that one should not intervene in or interfere with markets. The free market in fact stands for freedom from intervention or interference. In free market discourse,

view springs from a strong belief in the naturalism of the market. Free marketers lay stress on the naturalism of the market as an argument for not interfering with it. Compared to other textbooks, Baumol and Blinder for instance are the most abundant in portraying the market as a natural mechanism. They reiterate the familiar naturalistic features of markets to describe markets as efficient law-governed mechanisms that gravitate towards equilibrium. The naturalism of the market first suggests an opposition between the natural course of the market and the unnaturalness of interferences. The market naturally tends for instance towards equilibrium: “It is as if natural economic forces place a magnet at point *E* that attracts the market, just as gravity attracts a pendulum” (*BB* 63). It only does so however in absence of interference: “markets are not always in equilibrium. But, if nothing interferes with them, experience shows that they normally move toward equilibrium” (*BB* 63). The market constitutes a natural baseline, deviations from which are always considered an interference: “to understand what goes wrong when we tamper with markets, we must first learn how they operate unfettered ... by studying the machinery of supply and demand” (*BB* 54). The free market view typically creates a stark contrast between the naturalness of the market and artificial “interferences” (*BB* 431) or “interventions” with the machinery of the market. It constantly creates a contrast between “unfettered” (*BB* 40), or “free markets” and a wide range of meddlesome terms, such as “tampering” (*BB* 69), “restraining” (*BB* 75) “meddling,” or “impede.”

Besides a stark contrast between the natural market and unnatural intervention, the free market view furthermore emphasizes that the naturalism of the market is unrelenting. When for instance Baumol and Blinder present ten “ideas for beyond the exam” in their first chapter, one of them states: “Attempts to Repeal the Laws of Supply and Demand – The Market Strikes Back” (*BB* 5). Its message is that one cannot get past the market’s laws of nature:

attempts to repeal the laws of supply and demand usually backfire and sometimes produce results virtually the opposite of those intended ... As we will see ... in this book, such consequences of interference with the price mechanism are no accident. They follow inevitably from the way in which free markets work (*BB* 5).

In the free market view, the naturalism of the market is presented as unsurpassable. The idea is that the natural course of the market is so powerful that

government is always viewed as a form of interference. It is the idea of interference that is being addressed by the term and not the freedom of the market. The prefix ‘free’ has the rhetorical advantage that it rings nicely with ideas of freedom and liberation. Calling for the liberation of markets sounds much better than being against government. Another rhetorical advantage nobody can be against freedom after all.

any attempt to steer it some other way is bound to fail. Baumol and Blinder's text is full of references to the market overruling any attempt at reining in. In doing so, they typically rely on the language of combat, as the following examples show: "Attempts to repeal the laws of supply and demand usually backfire" (BB 5) "The market strikes back." (BB 5), "Battling the Invisible Hand: Markets Fight Back" (BB 75), and "the market has proven itself a formidable foe that strongly resists attempts to circumvent its workings" (BB 75). The free market view strongly emphasizes the naturalism of the market to convey that it is pointless to intervene with its natural course. It is for this reason, that free market texts in contrast to others appear most adamant about the market's naturalism.

Their forceful commitment to the naturalism of the market, does not prevent free marketers from acknowledging that the market may have its faults. In a chapter titled "the shortcomings of free markets" Baumol and Blinder for instance maintain that the market may display "weaknesses" (BB 307). By speaking of shortcomings, Baumol and Blinder shun the term market failure, but they point at classic sources of market failure such as externalities, public goods, imperfect information but also less common sources such as Baumol and Bowen's cost-disease. Other free marketers such as Ruffin and Gregory and Heyne et.al. also avoid the term market failure and have a much more restricted use for the term. Ruffin and Gregory euphemistically speak of the "limitations of the invisible hand" (RG 57) to cover issues such as income distribution, public goods, and macroeconomic instability and reserve the term market failure for discussing externalities and the failure of the price system. Similarly, do Heyne et.al. eschew the term market failure and only mention it once in relation to externalities:

The issue of externalities – negative and positive – is often cast in the language of *market failure*. The idea is that the market process fails to achieve some *optimal* standard. It also suggests that government corrective action can propel the market system *closer* to some hypothetical optimum. (HBP 317)

As we saw, the motivation for shunning the term market failure is to preempt it from automatically legitimizing government involvement. These authors are not unwilling to discuss limitations and shortcomings of the market, but resist turning it into a legitimization of government involvement. As Baumol and Blinder put it: "Our recognition of the market's limitations does not imply that the public interest calls for abandoning the market" (BB 307). Ruffin and Gregory also refuse to commit to government intervention: "market failures raise the question of whether government action is required to correct the failure of the market economy" (RG 368). Heyne et.al. (HBP 317) express a similar skepticism when they claim that

government policy might even make things worse. Overall then, free marketers are perhaps more than others skeptical of using the logic of market failure to legitimize government intervention.

There is one aspect which makes the free market take on market failure stand out. Their attitude is clearly inspired by their forceful insistence on the naturalism of markets. The skepticism towards government is obviously inspired because a fiercely natural market resists virtually any form of intervention. The emphasis on the unrelenting naturalism of the market therefore has a clear governmental purpose: to render government intervention futile. The fierce commitment to the naturalism of the market supports their skepticism of government in a number of different ways. First, free marketers invariably voice the idea that market failure is best met with private solutions. Both Ruffin and Gregory (e.g. *RG* 369-371) and Heyne et.al. (e.g. *HBP* 293) like to point out that for instance the problem of externalities are ideally addressed by internalization through the redefinition of property rights or Coasean voluntary agreements. The thought is that market failure should be addressed by solutions that remain closest to the naturalism of the market. If one nonetheless resorts to some form of government regulation, all authors point at the likelihood of government failure in response to market failure. Government may not have sufficient information to calculate optimal outcomes or may its incentives may not be right. As Heyne et.al. describe government failure:

Good-intentioned people (including economists) often *assume* that government officials will have the information *and* the incentive to improve real-world economic coordination problems. But there is the possibility that government policy might make matters worse. (*HBP* 317)

By all accounts, government failure arises because one fails to reckon with the naturalism of the market. By not sufficiently accounting for the natural forces of economic behavior, the reasoning goes, policy interventions are likely to backfire.

As Baumol and Blinder remark:

even when some government actions is clearly warranted, it may be difficult or impossible to calculate the optimal degree of governmental intervention. There is, then, the danger of intervention so excessive that the society might have been better off without it. (*BB* 322)

Building on a public choice perspective furthermore, Heyne et.al. (*HBP* 337) raise the market's naturalism to point out that government action is likely to be plagued by the same limitations as the market. As these examples show, in the free market view skepticism about government is a direct consequence of a radical application of the market's naturalism.

Given its fierce commitment to the naturalism of the market, it is therefore no surprise that the preferred solution for market failure according to the free market view, is to be found in market itself. If the market's nature is inexorable, any governmental solution should align itself as much as possible with the market. Baumol and Blinder therefore claim that "economists believe that that market methods are often the best way to cure one of the market's most important shortcomings" (*BB* 6). For the same reason they maintain that "even where government action is appropriate, we must consider market-like instruments as one possible way to correct market mechanism deficiencies" (*BB* 322, emphasis omitted). Ruffin and Gregory refer to the trading of pollution rights as an example of such a "market solution" (*RG* 374). Baumol and Blinder too refer to emissions trading as a clear example in which "the market mechanism's power can be harnessed to correct its own failings" (*BB* 366, emphasis omitted). The free market view hence offers an unexpected solution to the problem of market failure by pointing out that market rather than government is the designated solution for overcoming its own shortcomings: "As we will see, many of the imperfections of this economic system are treatable within the market environment, sometimes even by making use of the market mechanism to cure its own deficiencies" (*BB* 307).

While founded on a similar naturalist view of the market, the free market view leads to a considerably different perception of government. In contrast to the classic logic where government is a remedy for market failure or the imperfect market view where government is a natural accompaniment of imperfect markets, the free market view conceives of government first and foremost as interference:

A major theme of the chapter is that governments around the world and throughout recorded history have tampered with the price mechanism. As we will see, these bouts with Adam Smith's 'invisible hand' have produced undesirable side effects that often surprised and dismayed the authorities. The invisible hand fights back! (*BB* 53)

Government intervention is not just unwarranted; it is also most likely ineffective. The free marketers' skepticism of intervention is not in the first place based on some intrinsic dislike of government, but on the perceived strength of the market's nature. In view of the unrelenting naturalism of the market, the success of government intervention is ultimately decided by the market. As a consequence, free marketers see only a limited function for government, such as setting the legal framework, regulation, provision of certain goods, levying taxes, and income redistribution (*BB* 32). In their view, any successful government intervention will need to heed the market's nature and its best chances of succeeding are by actually applying market-like measures. The free market view thus envisions a government

that moves along with the market rather than against it. Its first instinct should be to abstain from interfering with the market, second any intervention should abide by the market and third, these interventions are most likely to succeed when they are modeled after the market. The free market view of government thus exudes a deep respect for the market's nature.

The free market view conveys the modern liberal governmentality in its fiercest form. The basic assumption in a liberal governmentality is the idea that society is by and large self-governed and furnishes by itself what society needs. The market is a way for society to provide in its own needs. Like most textbooks, Baumol and Blinder reflect this governmental vision:

Society has many important goals. Some of them, such as producing goods and services with maximum efficiency ... can be achieved extraordinarily well by letting markets operate more or less freely. (BB 49)

The defining feature of a liberal governmentality is that the best way to govern is by respecting the limits posed by the market. The free market version of the liberal governmentality has pushed this idea to its limit. Free marketers, emphasizing the indomitable naturalism of the market, render government virtually futile and advocate a limited role for government. Any form of government intervention moreover, should ideally, harness the market and market-like measures to conquer the market. By presenting the market as the preferred solution to govern the market's shortcomings however, the free market view appears to have run the liberal governmentality into a paradox. Similar examples of paradoxical consequences of the liberal governmentality will be dealt with towards the end of this chapter.

The 'Liberal' Governmentality

In our tour of the various versions of the liberal governmentality, lastly, we can distinguish a fourth type. In stark contrast to the free market version of liberal government, and also distinct from the classic and imperfect market view, some texts express a variety of the liberal governmentality that is evidently more 'liberal.' Textbooks with more 'liberal' features are those by Colander, Riddell et.al., and Klammer et.al.. Even more than Samuelson and Nordhaus' classic expression of the liberal governmentality, the liberal textbook is marked by conveying a more subdued stance towards markets and a less skeptical attitude toward government. While in the classic view of Samuelson and Nordhaus, only market failure constitutes a legitimate reason for government, liberal texts tend to view the market as one historical institution alongside government. Market failure

is therefore no longer the only legitimate reason for government intervention and the latter may be warranted in its own right.

Colander's *Economics* (2008) is a telling example of a 'liberal' market view. From the opening lines it is instantly clear that the reader is entering a different governmental frame of mind. In the preface to students, Colander introduces Austrian, institutionalist, radical, feminist, religious, and post-Keynesian approaches, even while his textbook is not overtly heterodox. Colander does however place a relative emphasis on institutions and history. Starting from the classic governmental problem of "how to produce what for whom," Colander arrives at the issue of scarcity. Drawing on the naturalism of economic action, he makes an important distinction. He states that when faced with scarcity people make cost/benefit assessments, which give rise to "economic forces, the necessary reactions to scarcity" (C 9, emphasis omitted). These economic forces are distinct from what he calls market forces. Society supposedly has a choice for how to channel economic forces, and the market is presented as one of the alternatives:

One of the important choices that a society must make is whether to allow these economic forces to operate freely and openly or to try to rein them in. A market force is an economic force that is given relatively free rein by society to work through the market. Market forces ration by changing prices. (C 9, emphasis omitted)

Revealing an institutionalist bent, the market, while important, is for Colander only one possible institution for controlling economic forces. By distinguishing between natural economic forces, and the institutionalized forces of the market, Colander separates out the naturalism of economic action from its institutionalized form:

Societies can't choose whether or not to allow economic forces to operate – economic forces are always operating. However, societies can choose whether to allow market forces to predominate. (C 9)

Through this distinction, Colander deliberately introduces a sense that while the market is an obvious institutional candidate for organizing economic life, it is neither a natural one nor the only one:

Is the market a good way to coordinate individual's activities? Much of this book will be devoted to answering that question. The answer that I, and most U.S. economists, come to is: Yes, it is a reasonable way. True, it has problems: the market can be unfair, mean, and arbitrary, and sometimes it is downright awful. (C 55)

Societies therefore have a choice of institutions for governing economic life: "Social, cultural, and political forces play a major role in deciding whether to let market forces operate. Economic reality is determined by a contest among those various forces" (C 9).

In the 'liberal' governmentality, the market is viewed as one institutional arrangement among others. As such it opens up a much wider array of options of governmental control over the economy. With previous versions, it shares the naturalist view that the economy has its own forces and that the market may be self-governed. By emphasizing that the market is a social rather than a natural institution however, there is nothing inherently natural about the market as an institutional form in the 'liberal' view:

Markets are highly developed social constructs that are part of a country's social and economic institutions. Markets are based on institutions. ... To understand markets you need to understand institutions. (C 53)

The 'liberal' view remains committed to a naturalist view of economic action, but has a denaturalized understanding of the market as an institutional form. The market is therefore no longer perceived as the natural limit to government intervention and there is less skepticism about government. As institution, government is just as (un)natural as the market and its place in the economy is just as legitimate: "Government is part of our life ... Economic theory doesn't say government should or shouldn't play any particular role in the economy" (C 167). Since it views government as an institutional alternative to the market, the 'liberal' governmentality sees much more room for government involvement. Besides the standard issues of market failure, Colander considers additional reasons for government involvement under the label of "failures of market outcomes" (C 458). Well-functioning markets may prevent achieving goals of society as is the case with distributional issues, issues that spring from the limited rationality of actors, and issues concerning violations of inalienable rights. In the 'liberal' governmentality then, government is not seen as not exclusively revolving around market failure, but around the institutional question of whether the market is the most appropriate institution for coordinating social and economic life.

A similar emphasis on societal choice with regard to the market is found in other 'liberal' textbooks. Riddell et.al. for instance take an explicitly heterodox approach. They start from a strong emphasis on the historical nature of the market and open their text with an elaborate history of economic systems that runs from feudalism to contemporary capitalism. They point out that the market is one historical form for organizing the economy:

With the diminution of the roles of tradition, custom, and the state in the economic affairs of Western Europeans, capitalism relied increasingly on *markets* to organize production and distribution ... In this way, as historian Karl Polanyi argues in *The Great Transformation*, capitalism required the subordination of social considerations to the economic dictates of the private market system.

Production and distribution were organized, for the society, through markets. (RSSS 63)

Throughout their text, they introduce three different theoretical perspectives, summarized as conservative, liberal, and radical as a way to guide their students to “think critically” of alternative ways of organizing the market and the economy. Klammer et.al. use a comparable strategy. Drawing on their background in rhetoric, the authors instill in their students the idea that economic insights are always subject to theoretical contestation and debate. Markets are not natural and neither is government:

In the real world markets can work imperfectly. Therefore (say some economists) we need laws and policies. Other economists say, ‘Wait a minute.’ The debate will take us deeper into the economic conversation about the strengths and weaknesses of markets versus governments as tools for improving human welfare. (KMZ Chapter 4)

While their text is not explicitly heterodox, their presentation of economics as a continuous argument between contending views, whether they are free market, liberal or radical, could hence be construed as a continued engagement with governmental reason.

The ‘liberal’ texts thus presented a fourth variety of a liberal governmentality by articulating the logic between the naturalist market and government once again differently. In contrast to the classic governmentality of Samuelson and Nordhaus’ they do not tie the role of government exclusively to the idea of market failure. Just like the imperfect market view and free market view, they offer an alternative view of the market, which in their case however is denaturalized by emphasizing that the market is an institutional form. By deemphasizing the naturalism of the market, the main governmental concern of economics as a consequence is to offer insight into the alternative ways of organizing economic life. According to Colander for instance: “Economics is the study of how human beings coordinate their wants and desires, given the decision-making mechanisms, social customs, and political realities of the society” (C 4, emphasis omitted). Against the background of the ‘liberal’ governmentality, the role of the economist hence becomes more akin to that of an engineer, who designs and adjusts the economic machinery of society following political mandates: “In making these policy suggestions, the economist’s role is much the same as an engineer’s” (C 451).

With the ‘liberal’ governmentality we have identified four main varieties of the liberal governmentality that can be encountered in the discourse of textbook economics. These four variations may adequately capture some of the most important sub-genres of liberal government that are articulated within economics,

and elsewhere. For the sake of exposition, we may have overstated how distinctly the governmental variations have been tied to individual texts as of course neither text limits itself strictly to one governmental vision only. In our tour of the various liberal governmentalities there is one significant trend in the textbook which we have not yet addressed and which poses a challenge to the modern outlook. This development will be taken up in the next section.

Destabilizing the Modern Liberal Governmentality

There is a recent trend in the textbook genre that seems to be at odds with the modern liberal governmentality. As was already briefly suggested above, the textbook nowadays increasingly opens with an invitation to the student to “think like an economist.” This figure of speech is oddly similar to the one expressed in the cartoon from the introduction. Recall that the attendants around the meeting table in the cartoon were instructed to think of “terrorist markets,” rather than “terrorist states.” This way, the cartoon commented on a perceived contemporary urge to think of matters in economic terms. Taking Mankiw and Taylor as the representative of this more recent genre of textbooks, this section explores how the new imperative to think like an economist relates to the modern liberal governmentality.

The Rise of the ‘Principles’ Textbook: Think like an Economist!

The classic Samuelsonian textbook typically introduced economics with the governmental question of how society decides what to produce for whom. Textbooks today typically open the way the now best-selling textbook of Mankiw (with Taylor) does. Their first chapter “Ten Principles of Economics” contains ten ideas they consider central to economics. The second chapter is titled “Thinking like an Economist” and outlines the way economics goes about its business. Economics is no longer introduced by means of a description of its object of study, but through a number of principles teaching the students how to think like an economist. A growing number of textbooks today uses a similar approach to introduce the field. Table 2.2 lists the texts that use principles as a way of introducing economics. Of the twelve textbooks reviewed, five rely on principles, four out of which explicitly encourage students to “think like an economist.” It serves to show that the newer principles textbook exemplified by Mankiw’s, is gradually displacing the Samuelsonian genre of textbooks.

What is at stake in this shift towards the principles textbook? At first sight, the differences with the other texts do not seem significant. Ever since Marshall’s

Principles of Economics, economics refers to its textbook in terms of principles. The texts still cover more or less the same topics and the principles are an elegant way of immersing the student in the subject matter of economics. In my view, the rise of the principles textbook not merely reflects a new pedagogical trend however, but points toward a more fundamental shift in economic discourse. It hints at a shift in economics in which it increasingly presents itself not as a science of the economy but as a principled way of thinking.

To see how the principles text is different we may start by asking what function the principles have in the opening chapters of the textbook? Its primary function is to quickly show students what economics is about. Where other texts require longer introductions in which they introduce the subject matter of economics and present abstract definitions, the principles textbook immediately gets down to business. With hardly any introduction thus, Mankiw and Taylor state on the first page that “economics is the study of how society manages its scarce resources” (MT 3). And they then continue:

Although the study of economics has many facets, the field is unified by several central ideas. In the rest of this chapter we look at *Ten Principles of Economics* ... The ten principles are introduced here just to give you an overview of what economics is all about. (MT 4)

The principles serve to make clear what economics is about by introducing only a few simple ideas. The principles are therefore, as can be glanced from the principles listed in table 2.2, formulated in a sufficiently intuitive and general way.⁴⁴ The impression is created that the science of economics can ideally be boiled down to ten basic precepts. The term ‘principle’ is obviously well chosen as it simultaneously has an epistemological, ontological, and moral ring to it.

⁴⁴ The intuitive and general nature of the principles inspired the Stand-up Economist Yoram Bauman to a hilarious sketch in which he pokes fun at Mankiw’s principles by pointing at the absurdity of some of these general principles. He for instance very humorously shows how Mankiw’s principle “people respond to incentives” is basically tautological and could be translated as “tautologies are tautological.” See Bauman’s website www.standupeconomist.com or <http://www.youtube.com/watch?v=VVp8UGjECt4>, last accessed May 5, 2011

Table 2.2: The Principles of Economics

Author	Principles	Projected Ethos
Mankiw and Taylor	Principles: 1. People face trade-offs 2. The Cost of Something is What You Give Up to Get It 3. Rational people think at the margin 4. People respond to incentives 5. Trade can make everyone better off 6. Markets are usually a good way to organize economic activity 7. Governments can sometimes improve market outcomes 8. An economy's standard of living depends on its ability to produce goods and services 9. Prices rise when the government prints too much money 10. Society faces a short-run trade-off between inflation and unemployment	Thinking Like an Economist
Baumol and Blinder	Ideas for beyond the exam: 1. How much does it really cost 2. Attempts to repeal the laws of supply and demand – The market strikes back 3. The surprising principle of comparative advantage 4. Trade is a Win-Win situation 5. The importance of thinking at the margin 6. Externalities – A shortcoming of the market cured by market methods 7. The trade-off between efficiency and equality 8. Government policies can limit economic fluctuations – but don't always succeed 9. The short-run trade-off between inflation and unemployment 10. Productivity growth is (almost) everything in the long run	The Economist's Toolkit
Stiglitz and Walsh	Key Concepts: 1. Choice involves trade-offs 2. In making choices, individuals respond to incentives 3. When we exchange with others, our range of choices becomes larger 4. Making intelligent choices requires that we have, and utilize, information 5. The choices we make ... determine the distribution of income	Thinking like an economist
Frank and Bernanke	Core Principles: 1. The Scarcity Principle (also called the No-Free-Lunch Principle) 2. The Cost-Benefit Principle 3. The Not-All-Costs-and-Benefits-Matter-Equally Principle 4. The Principle of Comparative Advantage 5. The Principle of Increasing Opportunity Cost (also called the "The Low-Hanging-Fruit Principle") 6. The Efficiency Principle 7. The Equilibrium Principle	The Economic Naturalist
Krugman and Wells	Principles: 1. Resources are scarce 2. The real cost of something is what you must give up to get it 3. "How much?" is a decision at the margin 4. People usually exploit opportunities to make themselves better off 5. There are gains from trade 6. Markets move toward equilibrium 7. Resources should be used as efficiently as possible to achieve society's goals 8. When markets don't achieve efficiency, government intervention can improve society's welfare	Understanding or doing economics

Author	Principles	Projected Ethos
Colander	No defined principle other than: using a cost-benefit approach	Thinking like an Economist / Economic Reasoning
Heyne, Boettke, and Prychitko	People Choose Only individuals Choose Individuals choose after weighing costs and benefits	The Economic Way of Thinking

Besides an overview of the characteristic features of economics, the principles also convey that they represent the discipline's basic assumptions, its view of how things work, or even its core beliefs. The principles thus perform a double function. Besides summarizing the discipline by bringing it down to simple and intuitive principles, it serves to offer an endorsement of the insights of the discipline and propagate these. As Mankiw and Taylor suggest: "you can think of this chapter as a 'preview of coming attractions'" (*MT* 4). The principles clearly perform a function of declaring the core beliefs of the discipline. Rather than merely summarizing the discipline, the principles lay down the general viewpoint of economics.

This is reinforced by the fact that the introduction of the principles in the first chapter of the textbook typically leads up to inviting the student to "think like an economist." As table 2.2 showed, the principles texts invariably instruct their students to think like an economist. Mankiw and Taylor's first chapter titled "Ten Principles of Economics" is for instance followed by chapter on "Thinking Like an Economist," where they state:

The single most important purpose of this book is to help you learn the economist's way of thinking ... Before delving into the substance and details of economics, it is helpful to have an overview of how economists approach the world. ... What is distinctive about how economists confront a question? What does it mean to think like an economist. (*MT* 19)

For teaching students how to think like an economist, one relies on the principles: "The field of economics is based on a few basic ideas that can be applied in many different situations ... the most sophisticated economic analysis is built using the ten principles introduced here" (*MT* 15). The principles are meant to introduce the student to the economic way of thinking and approaching the world. As Frank and Bernanke boldly state on page one, for instance:

[Economics] is a way of thinking about the world. Over many years economists have developed some simple but widely applicable principles that are useful for understanding almost any economic situation. (*FB* 1)

The principles are thus instrumental in laying down the economic way of thinking and to represent economics as a principled form of thought. Heyne et.al., although

they do not open with a list of principles made this attitude into the title of their textbook: *The economic way of thinking*.

One implication of representing economics as a way of thinking based on general principles, is to unwittingly extend the scope of economics. Thanks to their general nature, the principles can be applied broadly. Nothing prevents one from applying the principles virtually everywhere. Mankiw and Taylor for example present a very broad definition of what counts as an economy: “there is no mystery to what an ‘economy’ is ... an economy is just a group of people interacting with one another as they go about their lives” (*MT* 4).

Table 2.3: Thinking like an Economist

Author	Think like an Economist
Mankiw and Taylor	The single most important purpose of this book is to help you learn the economist’s way of thinking ... Before delving into the substance and details of economics, it is helpful to have an overview of how economists approach the world. ... What is distinctive about how economists confront a question? What does it mean to think like an economist. (<i>MT</i> 19)
Baumol and Blinder	... we hope that you will remember some of the most important economic ideas and, even more important, the ways of thinking about economic issues that are taught in this course. (<i>BB</i> 4)
Frank and Bernanke	[Economics] is a way of thinking about the world. Over many years economists have developed some simple but widely applicable principles that are useful for understanding almost any economic situation. (<i>FB</i> 1)
Stiglitz and Walsh	Economists have a distinctive way of thinking about issues, and the best way to learn economics is to understand how to think like an economist. (<i>SW</i> 25)
Colander	People trained in economics think in a certain way ... To think like an economist involves addressing almost all issues using a cost/benefit approach. (<i>C</i> 5) Economic reasoning, once learned, is infectious. If you’re susceptible, being exposed to it will change your life. It will influence your analysis of everything, including issues normally considered outside the scope of economics. (<i>C</i> 6)
Heyne, Boettke and Prychitko	The primary goal of this book is to get you started in the practice of thinking the way economists think (<i>HBP</i> 16) ... the fundamental assumption of the economic way of thinking is that all social phenomena emerge from the actions and interactions of individuals who are choosing in response to expected benefits and costs to themselves. (<i>HBP</i> 17)

The suggestion is that the economic principles are applicable to any situation where there is social interaction, not per se limited to exchange. As a result, economics is imperceptibly stretched from the study of how society manages scarce resources, to studying how people interact in their everyday lives. The principles are instrumental in offering a new perspective on the world:

Every field of study has its own language and its own way of thinking ... Economics is no different ... as you will see, its value lies in its ability to provide you with a new and useful way of thinking about the world in which you live. (*MT* 19)

To encourage the student to think like an economist easily extends into an invitation to approach each and every situation as an economist and to apply economic principles to virtually everything. Frank and Bernanke offer the clearest expression of this idea. They urge their students to become so-called “economic naturalists”: “With the rudiments of the cost-benefit framework under your belt, you are now in a position to become an ‘economic naturalist,’ someone who uses insights from economics to help make sense of observations from everyday life” (FB 16). An economic naturalist in their view is a student whose second nature is to apply economic reasoning to virtually everything and thus gain a greater insight in the world around them:

... learning a few economic principles enables us to see the mundane details of ordinary human existence in a new light. Whereas the uninitiated often fail even to notice these details, the economic naturalist not only sees them, but becomes actively engaged in the attempt to understand them. (FB 16)

The principles textbook and its call to think like an economist attempts to turn everyone into an economic naturalist. The text by Frank and Bernanke is interspersed with short case studies in economic naturalism, many of which have been culled from Frank’s popular book, *The economic naturalist: in search of explanations for everyday enigmas* (2007). The economic naturalist addresses question such as “why don’t car manufacturers make cars without heaters,” “why do keypad buttons on drive-up automatic teller machines have Braille dots,” “why do people shout at parties” or “what is the purpose of free speech laws.” As these examples show, economics is no longer the study of a circumscribed object but gradually mutates into a generalized way of thinking. This way, the new genre of textbooks presents economics as principled way of thinking.

The turn in economics towards an approach based on principles and the exhortation to think like an economist, corresponds with the recent popularity of the *Freakonomics* genre. Over the past years a wide range of popularizing economics books have appeared of which *Freakonomics: A Rogue Economist Explores the Hidden Side of Everything* by Levitt and Dubner (Levitt and Dubner 2005) became the most popular.⁴⁵ As Vromen (2009) for instance has pointed out,

⁴⁵ The Freakonomics genre was popularized by a best-seller by young star economist Steven D. Levitt of the University of Chicago and New York Times Magazine writer, Stephen J. Dubner: *Freakonomics: A Rogue Economist Explores the Hidden Side of Everything* (2006). Although its popularity is unprecedented, the genre is as such not novel and had a formidable precursors in the work of Gary Becker with Guitly Nashat Becker, *The Economics of Life: From Baseball to Affirmative Action to Immigration, How Real-World Issues Affect Our Everyday Life* (1998). Other examples of the Freakonomics genre are, David D. Friedman, *Hidden Order: The Economics of Everyday Life* (1997), Steven E. Landsburg, *Armchair Economist: Economics and Everyday Life*

this genre is characterized by applying basic principles comparable to those introduced in the textbook to unexpected and everyday phenomena in order to reveal the hidden, economic logic behind these phenomena. The *Freakonomics* genre can evidently be read as a popular extension of “the thinking like an economist” credo of the textbook. Colander for example acknowledges this and refers to Levitt’s *Freakonomics* in his opening chapter as an example of the economic approach: “his work is a good example of ‘thinking like an economist’ in action” (C 6). It confirms that economics increasingly perceives of itself as a principled way of thinking that should be applied to a much wider range of phenomena, and that this view is actively propagated in and outside the textbook.

Even stronger than the principles textbook perhaps, the *Freakonomics* genre highlights that behind the “thinking like an economist” credo lurks a tendency to extend economics beyond its customary area of application. It has therefore been argued that with its call to think like an economist, the *Freakonomics* genre constitutes a form of economics imperialism as it extends economic analysis into the domain of adjoining social sciences (viz. Fine and Milonakis 2009). According to Vromen (2009, 84), this perceived colonization is overstated however, because there is no evidence of economics actually conquering or appropriating other social sciences. The *Freakonomics* genre should rather be seen as a public relations campaign for economics, as it breaks with an excessive emphasis on *homo economicus* and as such improves the dismal science’s standing. While there may not be much evidence that the *Freakonomics* genre contributes to the actual conquering or incorporation of other disciplines, the call to think like an economist and explore the hidden side of everything may nonetheless bespeak another kind of imperialism.

What is the underlying concern with the perceived branching out of economics into domains that are traditionally not its own? My assessment is that rather than disciplinary boundaries one is concerned about the implied view of government. Generalizing economics into a principled way of thinking and letting it extend beyond its traditional domain, also implies an extension of its view of government. I have been arguing above that the economic outlook cannot be seen in isolation of a specific liberal view of government. If increasingly more social phenomena are

(1993) and *More Sex Is Safer Sex: The Unconventional Wisdom of Economics* (2007), Tim Harford, *The Undercover Economist: Exposing Why the Rich Are Rich, the Poor Are Poor--and Why You Can Never Buy a Decent Used Car!* (2006) and *The Logic of Life: The Rational Economics of an Irrational World* (2008), Tyler Cowen, *Discover your Inner Economist: Use Incentives to Fall in Love, Survive Your Next Meeting, and Motivate Your Dentist* (2007), Robert Frank, *The Economic Naturalist: In Search of Explanations for Everyday Enigmas* (2008).

thought of as economic, by extension they are subjected to a similar liberal view of government. Implicit in the call to think like an economist are the liberal governmental solutions that normally accompany it. Where everyday topics were traditionally seen as being governed in their own specific ways, the call to think like an economist naturally brings in the economic view of government. If Frank and Bernanke ask for instance, “what is the purpose of free speech laws,” their “economic naturalist” does not refer to the first Amendment as the enshrinement of fundamental rights but as a prudent legal remedy for market failure (viz. *BB* 285). The imperialist streak of the principles textbook and its call to think like an economist, is not in the first place an imperialism of economics, but rather a generalization of its governmental outlook. Two of the principles proposed by Mankiw and Taylor state that “markets are usually a good way to organize economic activity” and “governments can sometimes improve market outcomes.” If they subsequently end their chapter on the principles of economics by remarking: “if your study is successful, you won’t be able to read a newspaper again without thinking about supply, demand and the wonderful world of economics” (*MT* 15), the student may also have a clear image of how this wonderful world is to be governed. The credo of principles textbook should perhaps be extended: think like an economist; govern everything like a market. Something akin to the principled approach to economics, finally, appears to be behind the cartoon from the introduction as can be evidenced from an example given by Colander:

People trained in economics think in a certain way ... For example, say you’re trying to decide whether a policy to eliminate terrorist attacks on airlines is a good idea. Economists ... are trained to ask: What are the costs of the policy, and what are the benefits? (*C* 5)

The extension within the principles textbook of the governmental outlook of economics to traditionally non-economic domains however presents a challenge and potentially undermines the liberal governmentality. Recall that the liberal conceptions of government outlined before, all relied on a naturalist view of the market. Because of the market’s given nature, there was a clear limit to government and only the market’s failure presented a rationale for government. In the principles textbook however this naturalism is undergoing a remarkable transformation. Frank and Bernanke’s “economic naturalist,” presents a good example of this shift. It presents a naturalism that no longer exclusively refers to the market but rather gets to stand for economics as a principled form of thought. For the economic naturalist the principles of economics have become like a new

nature. Applied in a generic fashion to all sorts of phenomena that were traditionally not viewed as such, the laws of the market have been unmoored from its natural economic origins and are now freely projected onto all sorts of everyday topics. By viewing all sorts of social phenomena as if they are natural markets, one not only studies them as such but moreover is invited to govern them accordingly. It raises the question however, what is left of the original rationality of liberal government that was predicated up the natural market? In a world of generalized and imagined markets, the reference to a naturalist market runs the risk of becoming meaningless. If the market in this new sense is no longer necessarily natural in what way does it still legitimize government and conversely, pose a limit to government? Where the modern idea of liberal government comprised a natural base for government, through the generalization of this natural base, liberal government is universalized but at the same time undermined. In this sense the principled discourse could be seen as destabilizing the modern liberal idea of government. It may be indicative of a rearticulation of our modern liberal view of government and the emergence of a new type of governmentality. The most suitable label for that new type of governmentality is neoliberalism.

The Market as Form of Government: a Neoliberal Governmentality in the Making

The universalization of the market in the principles textbook was presented as a first destabilization of the modern liberal idea of government and was interpreted as a sign of the surfacing of new type of governmentality. There is another figure that one increasingly encounters in the textbook and that departs from and destabilizes the modern liberal governmentality. It is the trend of proposing the market itself as a form of government. Recall once more that the modern liberal view is based on a compartmentalized view of the market and government. The natural market is presented as in principle self-governed and only when it is perceived to fail, there is a rationale for an external form of government to intervene. The modern liberal view presents the market and government as antithetic. In today's textbook one increasingly encounters proposals in which the market and market-based solutions take over the tasks of government. These proposals clearly challenge and even violate the compartmentalized of market and government.

The most obvious example of where the market is staged as a form of government is in the discussion of externalities and in particular, environmental policy. It has nowadays become commonplace, when dealing with market failure and externalities, to discuss market-based or market-oriented solutions to the

problem of market failure caused by externalities. When discussing the various solutions to negative externalities in the form of environmental pollution, the textbook typically first addresses all sorts of private solutions and discusses their feasibility using the Coase Theorem. When describing public policies towards externalities one typically differentiates between direct regulation and some form of Pigou tax. Pointing at the shortcomings of direct regulation because it fails to take efficiency considerations into account and the difficulties of establishing an optimal environmental tax, one lately points to markets for tradable emission permits as a new governmental solution. According to Samuelson and Nordhaus (*SN* 378) for instance: “A new approach that does not require the government to legislate taxes is the use of tradable emissions permits.” The setting up of a market for emissions trading is presented as an alternative to more standard forms of government regulation. Increasingly so, it is presented as the preferred solution: “Experience indicates that no approach is ideal in all circumstances, but many economists believe that greater use of market-oriented approaches would improve the efficiency of regulatory systems” (*SN* 382). The general explanation for why ‘economists’ prefer market solutions over government intervention is because they conform better to the naturalism of the market:

When people cannot solve the problem of externalities privately, the government often steps in. Yet, even now, society should not abandon market forces entirely. Rather, the government can address the problem by requiring decision makers to bear the full costs of their actions. ... Market forces, properly redirected, are often the best remedy for market failure. (*MT* 204)

These statements testify of the emergence of a novel idea that market forces are a better way of addressing market failure than government is. The reference to market-solutions appears to bespeak a new governmental ordering. It has become a governmental centerpiece for Baumol and Blinder for instance, who besides devoting a principle to it (“Externalities – A shortcoming of the Market cured by Market Methods”) maintain that: “In any event, even where government action is appropriate, we must consider market-like instruments as one possible way to correct market mechanism deficiencies” (*BB* 322). They are particularly fond of pushing the market forward as the preferred way of governing its own deficiencies: “even in cases in which markets do not perform well, there may be ways of harnessing the power of the market mechanisms to remedy its own deficiencies” (*BB* 49). These examples signify there is a trend to actively apply the market as an alternative form of government.

These first instances that actively apply the market as a form of government, as in the example of emissions markets, present a curious break with the logic of

market-failure that was characteristic of the modern liberal governmentality. That logic maintains that market failure, in this case provoked by externalities, presents a rationale for governmental action. The irony of the market-based approaches is that it harks back to the market itself to provide the required governmental solution. By putting the market in the place of government, classical liberal ideas of government are fundamentally jumbled up. First, the active application of the market as a technique or tool of government challenges the alleged naturalism of the market. In this case, markets are not merely the given natural bedrock of the economy, but are also the product of active construction when they are applied as a means of government. Second, employing the market as a technique or form of government moreover challenges the traditional antithesis of markets and government. Where government was thus far conceived as a form of active control over a supposedly natural market, this neat dividing up of the world comes under pressure when government is enlisting the natural market for its purposes. Seemingly innocuous proposals such as creating a market for emission permit thus, – in more than one way – fundamentally destabilize the modern liberal governmentality. These new ways of dealing with the market thus appear to herald in a new rationale of government that for want of a definite account could be identified as neoliberal.

There is in my view an immediate connection between the appeal of the principles genre to think like an economist, and this new jumbled-up idea of government. As Mankiw and Taylor for instance remark about the idea of using the market to govern market failure:

The idea of the government auctioning off the right to pollute may at first sound like a creature of some economist's imagination. And, in fact, that is how the idea began. But a number of governments around the world ... have used such a system to control pollution Pollution permits, like Pigovian taxes, are increasingly being viewed as a cost-effective way to keep the environment clean. (MT 202)

The idea of using markets as a stand-in for government is according to Mankiw and Taylor a direct consequence of the economic imagination and the economist's ability to think up markets where no one previously saw any. As they caution: "Economists argue that some environmental activists hurt their own cause by not thinking in economic terms" (MT 202). To perceive of economics as a principled way of thinking and its implicit call to discover the hidden side of everything, may indeed stimulate students to also think of government in market terms. Although we still need to examine its exact contours, the generalized view of the market in the principles texts presents a challenge to the modern liberal governmentality and

may be marking the emergence of a new, neoliberal governmentality. The above analysis signaled that one of the marks of such a neoliberal governmentality is the substitution of the naturalist view by a constructivist usage of the market. It secondly pointed at a progressive marketization of our idea of government which may ultimately culminate in the market as a form of government.

Conclusion

So what does the economics textbook teach us? For starters, the textbook has been teaching us something not entirely expected. Rather than presenting a purely scientific account of markets and the economy, the textbook rather teaches a vision of government. The main argument of this chapter therefore is that the scientific view of the economy presented by economics, functions within a wider, governmental outlook and that the textbook inculcates a liberal governmentality. The discourse of economics turns out to be unmistakably modern in its views about the market and the role of government and as such confirms the modern view as outlined by Taylor and Foucault.

The analysis of the textbooks in this chapter has shown that the discourse of economics is pervaded with a modern governmental spirit. Despite a widespread antipathy for government and often professed hostility, the economist' account of the market is nonetheless suffused with issues of government. This, could be said to be one of the ironies of economics. No matter how hard the economist tries to make a case against government, he or she does not escape the question of government. The idea of the market, because of its modern origins, invariably leads one to questions of government. Therefore, we saw that even the staunchest free market textbook was to a large extent concerned with questions of government. Regardless of how 'scientific' they approached the study of the market's nature, all textbooks appear to be written with a view of governing the market and present economics as a governmental science. Even when textbooks preach political neutrality, they practice a governmental science and a scientific politics that abides by the modern image of the market. Indebted to the modern view of the market, the discourse of economics will never be free from government.

The textbook analysis however brought to light another significant observation. It demonstrated that each textbook appears to present a unique version of the modern view. Besides the quintessentially modern governmentality of Samuelson, we encountered imperfect market, free-marketeer, and 'liberal' versions of the modern view, each providing a rather different rationality to market government.

Despite great similarities among the texts, the textbook does not offer one single manifestation of the modern liberal governmentality. Instead, the modern liberal governmentality has facilitated a repertoire of political rationalities, each with divergent political implications. All nonetheless share a naturalized notion of the market and are also marked by a governmental conception of politics. Because of different accounts of the market however, their account of government subsequently varies. Table 2.4 below presents a brief summary of the distinct governmental subgenres that were encountered. This finding may prove valuable in our assessment of the discursive politics of the market in future chapters. Besides recognizing typical modern views, it has offered a view of the variety of genres within this repertoire of market governmentalities.

Table 2.4: Varieties of a Liberal Governmentality

Governmentality	Authors	View of Market	View of Government
Classic Liberal View	Samuelson and Nordhaus Lipsey and Chrystal Krugman and Wells	Naturalist Market	Legitimated by Market Failure
Imperfect Market View	Stiglitz and Walsh Frank and Bernanke	Imperfect Market Naturalism	Natural Corollary of Imperfect Markets
Free Market View	Baumol and Blinder Ruffin and Gregory	Free Market Naturalism	Limited by Free Markets
'Liberal' View	Colander Riddell, Shackelford, Stamos, and Schneider Klamer, McCloskey, and Zilliak	Market as Historical Institution	Alternative Historical Institution
Economic Naturalism	Mankiw and Taylor	Denaturalized Market	Government through markets

As such, this chapter may have created the impression that the modern view of the market is all pervasive and is at present the only way of perceiving the relation between markets and government. The modern view is indeed the dominant way of understanding the relation between markets and government. The analysis however also points at two moments where the modern view appeared to falter and was destabilized. As it turns out, these were moments where the market is increasingly being denaturalized and moved away from being only an object of government to even become a means of government. The denaturalizing of the market thus gradually undermines the modern view and points the way towards the emergence of a radically new governmentality. This new, presumably neoliberal governmentality thus departs from the modern liberal view by denaturalizing the naturalist market. The next chapters further study how these developments undermine the modern view of the market. They will moreover explore how the discursive politics of markets has contributed to the unraveling of the modern liberal governmentality.

Appendix 2.1: List of Textbooks Consulted

- BB** Baumol, William J., and Alan S. Blinder. 2006. *Economics: principles and policy*. 10th. International student ed. Mason, Ohio; London: Thomson Learning/South-Western.
- C** Colander, David C. 2008. *Economics*. 7th. International ed. Boston; London: McGraw-Hill/Irwin.
- FB** Frank, Robert H., and Ben Bernanke. 2004. *Principles of economics*. 2nd ed. Boston, MA: McGraw-Hill.
- HBP** Heyne, Paul T., Peter J. Boettke, and David L. Prychitko. 2006. *The economic way of thinking*. 11th ed. Upper Saddle River, NJ: Prentice Hall.
- KMZ** Klammer, Arjo, Deirdre McCloskey, and Steve Zilliak. forthcoming. *The Economic Conversation*. Palgrave MacMillan.
- KW** Krugman, Paul R., and Robin Wells. 2006. *Economics*. 1st ed. New York: Worth Publishers.
- LC** Lipsey, Richard G., and K. Alec Chrystal. 2007. *Principles of Economics*. 2nd International ed. Oxford: Oxford University Press.
- MT** Mankiw, N. Gregory, and Mark P. Taylor. 2006. *Economics*. 1st European edition ed. London: Thomson.
- RSSS** Riddell, Tom, Jean Shackelford, Steve Stamos, and Geoffrey Schneider. 1982. *Economics: A Tool for Critically Understanding Society*. 7nd ed. Reading, Mass.; London: Addison-Wesley.
- RG** Ruffin, Roy J., and Paul R. Gregory. 2001. *Principles of economics*. 7th ed, *Addison-Wesley series in economics*. Boston, Mass.; London: Addison-Wesley.
- SN** Samuelson, Paul A., and William D. Nordhaus. 2005. *Economics*. 18th International ed. Boston: McGraw-Hill/Irwin.
- SW** Stiglitz, Joseph E., and Carl E. Walsh. 2006. *Economics*. 4th International ed. New York: W.W. Norton.

Note on the selection of textbooks

The textbooks have been selected with a view of both representativeness and diversity. Samuelson and Nordhaus (*SN*) and Mankiw and Taylor (*MT*) have been selected as representatives of bestselling textbooks on the US and international markets. For the sake of diversity a number of other major textbooks have been selected that are important competitors on the textbook market with often reputable authors. All of these would satisfy Colander's "15% rule" in the sense that despite having a slightly different theoretical or political orientation, their presentation only marginally diverges from the textbook standard in order to still compete on the larger market (viz. Colander 2006, 33-44). This would apply to Baumol and

Blinder (*BB*), Colander (*C*), Frank and Bernanke (*FB*), Krugman and Wells (*KW*), and Stiglitz and Walsh (*SW*). Lipsey and Chrystal (*LC*) has been selected as a bestselling textbook for the UK market. By way of contrast, also a number of less conventional textbooks have been included, in the sense that they would probably not satisfy Colander's 15% rule. These are Heyne, Boettke and Prychitko (*HBP*) as a representative of an Austrian perspective, Klamer, McCloskey and Zilliak (*KMZ*) with a rhetorical perspective, Riddell, Shackelford, Stamos and Schneider (*RSSS*) with a pluralist approach and Ruffin and Gregory (*RG*) with more attention for public choice analysis.

Appendix 2.2: Abridged Table of Contents Textbooks

Samuelson and Nordhaus (2005, 18th International) <i>Economics</i>	Mankiw and Taylor (2006, 1st European) <i>Economics</i>	Baumol and Blinder (2006, 10th International) <i>Economics: Principles and Policy</i>	Lipsey and Chrystal (2007, 2nd International) <i>Principles of Economics</i>
Preface Part 1: Basic Concepts 1. The Fundamentals of Economics 2. Markets and Governments in a Modern Economy 3. Basic Elements of Supply and Demand	Preface Part 1: Introduction 1. Ten Principles of Economics 2. Thinking Like an Economist 3. Interdependence and the gains from trade	Preface Part 1: Getting Acquainted with Economics 1. What is Economics 2. The Economy: Myth and Reality 3. The Fundamental Economic Problem: Scarcity and Choice 4. Supply and Demand: An Initial Look	Preface 1. Economic Issues and Concepts 2. How Economists Work
Part 2: Microeconomics: Supply, Demand, and Product Markets 4. Applications of Supply and Demand ... 8. Analysis of Perfectly Competitive Markets 9. Imperfect Competition and Monopoly ... Part 3: Factor Markets: Labor, Land, and Capital 12. How Markets Determine Incomes 13. The Labor Market 14. (Appendix) Markets and Economic Efficiency Part 4: Applied Microeconomics: International Trade, Government, and the Environment ... 17. Promoting More Efficient Markets ... 19. Efficiency vs. Equality: The Big Tradeoff	Part 2: Supply and Demand I: How Markets Work 4. The Market Forces of Supply and Demand ... 6. Supply, Demand and Government Policies Part 3: Supply and Demand II: Markets and Welfare 7. Consumers, Producers and the Efficiency of Markets 8. Application: The Costs of Taxation ... Part 4: The Economics of the Public Sector ... Part 5: Firm Behavior and the Organization of Industry ... 14. Firms in Competitive Markets ... Part 6: The Economics of Labor Markets 18. The Markets for the Factors of Production	Part 2: The Building Blocks of Demand and Supply 5. Consumer Choice: Individual and Market Demand ... 7. Production, Inputs, and Cost: Building Blocks for Supply Analysis ... Part 3: Markets and the Price System 10. The Firm and the Industry under Perfect Competition ... 13. Limiting Market Power: Regulation and Antitrust Part 4: The Virtues and Limitations of Markets 14. The Case for Free Markets I: The Price System 15. The Shortcomings of Free Markets 16. The Case for Free Markets II: Innovation and Growth ... Part 5: The Distribution of Income ...	Part 1: Markets and Consumers 3. Demand, Supply, and Price ... Part 2: Markets and Firms ... Part 3: Markets for Inputs 10. Demand and Supply of Inputs 12. The Labour Market ... Part 4: Government and the Market 13. Market Failure 14. The Role of Government

Part 5: Macroeconomics: Economic Growth and Business Cycles	Part 8: The Data of Macroeconomics	Part 6: The Macroeconomy: Aggregate Supply and Demand	Part 5: Macroeconomics: Issues and Framework
20. Overview of Macroeconomics	...	...	...
A. Key Concepts of Macroeconomics	Part 9: The Real Economy in the Long Run	25. Aggregate Demand and the Powerful Consumer	16. A Basic Model of the Determination of GDP in the Short Term
B. Aggregate Supply and Demand	...	26. Demand-Side Equilibrium: Unemployment or Inflation	17. GDP in an Open Economy with Government
...	Part 12: Short-Run Economic Fluctuations	27. Supply-Side Equilibrium: Unemployment and Inflation	...
23. Business Fluctuations and the Theory of Aggregate Demand	33. Aggregate Demand and Aggregate Supply	Part 7: Fiscal and Monetary Policy	Part 6: Macroeconomic Policy in a Monetary Economy
...	34. The Influence of Monetary and Fiscal Policy on Aggregate Demand	28. Managing Aggregate Demand: Fiscal Policy	...
Part 6: Unemployment, Inflation, and Economic Policy	...	...
31. Unemployment and the Foundations of Aggregate Supply		30. Managing Aggregate Demand: Monetary Policy	
...		...	
		Part 8: The United States in the World Economy	Part 7: Global Economic Issues
			...

Stiglitz and Walsh (2006, 4 th International) <i>Economics</i>	Frank and Bernanke (2004, 7 th) <i>Principles of Economics</i>	Krugman and Wells (2006, 1 st) <i>Economics</i>	Colander (2008, 7 th International) <i>Economics</i>
Preface	Preface	Preface	Preface
Part 1: Introduction	Part 1: Introduction	Part 1: What is Economics?	Part 1: Introduction: Thinking Like an Economist
1. Modern Economics	1. Thinking Like an Economist	Intro: The Ordinary Business of Life	1. Economics and Economic Reasoning
2. Thinking Like an Economist	2. Comparative Advantage: The Basis for Exchange	1. First Principles	2. The Production Possibility Model, Trade, and Globalization
	3. Supply and Demand: An Introduction	...	3. Economic Institutions
			4. Supply and Demand
			5. Using Supply and Demand
Part 2: Perfect Markets	Part 2: Competition and the Invisible Hand	Part 2: Supply and Demand	Part 2: Microeconomics
3. Demand, Supply, and Price	...	3. Supply and Demand	Part 2.1: Microeconomics: the Basics
4. Using Demand and Supply	5. Demand: The Benefit Side of the Market	4. The Market Strikes Back	6. Describing Supply and Demand: Elasticities
...	6. Perfectly Competitive Supply: The Cost Side of the Market	...	7. Taxation and Government Intervention
10. The Efficiency of Competitive Markets	7. Efficiency and Exchange	Part 3: Individuals and Markets	Part 2.2: Foundations of Supply and Demand
Part 3: Imperfect Markets	8. The Quest for Profit and the Invisible Hand	...	8. The Logic of Individual Choice: The Foundation of Supply and Demand
11. Introduction to Imperfect Markets	Part 3: Market Imperfections	9. Perfect Competition and the Supply Curve	...
...	...	Part 5: The Consumer	Part 2.3: Market Structure
13 Government Policies toward Competition	Part 4: Economics of Public Policy	...	11. Perfect Competition
...	13. Labor Markets, Poverty and Income Distribution	Part 6: Markets and Efficiency	...
15. Imperfect Information in the Product Market	...	12. Factor Markets and the Distribution of Income	Part 2.4: Real-World Competition
16. Imperfections in the Labor Market	Part 5: International Trade	13. Efficiency and Equity	...
Part 4: Issues in Public Policy	...	Part 7: Market Structure: Beyond Perfect Competition	Part 2.5: Factor Markets
...
		Part 8: Extending Market Boundaries	Part 2.6: Applying Economic Reasoning to Policy
		...	19. Market Failure versus Government Failure
		Part 10: New Directions for Markets	19W. Politics and Economics: The Case of Agricultural Markets
	

Part 5: Introduction to Macroeconomics	Part 6: Macroeconomics: Issues and Data	Part 11: Introduction to Macroeconomics	Part 3: Macroeconomics
21. Macroeconomics and the Economic Perspective	...	...	Part 3.1: Macroeconomic Problems
...	Part 7: The Economy in the Long Run	Part 12: The Economy in the Long Run	...
Part 6: Full-Employment Macroeconomics	...	...	Part 3.2: The Macroeconomic Framework
...	Part 8: The Economy in the Short Run	Part 13: Short-Run Economic Fluctuations	...
Part 7: Macroeconomic Fluctuations	...	27. Aggregate Supply and Aggregate Demand	25. The Aggregate Demand/Aggregate Supply Model
...	
30. Aggregate Demand and Inflation			Part 3.3: Money, Inflation, and Monetary Policy
...			...
			Part 3.4: Taxes, Budget, and Fiscal Policy
			...
Part 8: The Global Economy	Part 9: The International Economy	Part 16: The Open Economy	Part 3.4: International Policy Issues
...

Ruffin and Gregory (2001, 7 th) <i>Principles of Economics</i>	Heyne, Boettke, and Prychitko (2006, 11 th) <i>The Economic Way of Thinking</i>	Riddell, Shackelford, Stamos, and Schneider (2005, 7 th) <i>Economics: A Tool for Critically Understanding Society</i>	Klamer, McCloskey, and Zilliak (forthcoming, 1st) <i>The Economic Conversation</i>
Preface Part 1: Introduction 1. Economics and the World Around Us: Defining Moments 2. Unlimited Wants, Scarce Resources 3. The Price System and the Economic Problem 4. Demand and Supply 5. Unintended Consequences	Preface 1. The Economic Way of Thinking	Preface Part 1: Economics as a Tool for Critical Thinking in a Changing Global Economy 1. Economics as a Social Science 2. Exploring the Emerging Global Economy	Preface Part 1: Beginning the Conversation 1. A First Look at Economics 2. Accounting for Rational Choice 3. The Invisible Hand: How Markets Work 4. Visible Hands in the Economy
Part 2: Product Markets 6. Elasticity of Demand and Supply ... 10. Perfect Competition ... 12. Competition, Efficiency, and Innovation ... 14. Regulation and Antitrust	2. Efficiency, Exchange, and Comparative Advantage 3. Substitutes Everywhere: The Concept of Demand 4. Opportunity Costs and the Supply of Goods 5. Supply and Demand: A Process of Cooperation 6. Supply and Demand: Issues and Applications	Part 2: Economic History and the Development of Modern Economic Thought ... Part 3: Microeconomics 7. Scarcity: “You Can’t Always Get What You Want” 8. The Theory of Markets 9. Perfect Competition and Efficiency 10. Noncompetitive Markets and the Distribution of Income 11. Resource Markets and the Distribution of Income 12. Corporations and Labor Unions 13. The Economic Role of Government	Part 2: Buying and Selling Products 5. A Closer Look at Demand and Supply: The Role of Elasticity ... 9. Supply and Demand in Competitive Markets 10. Markets with One Seller: Monopoly 11. Between Competition and Monopoly Part 3: Buying and Selling “Inputs” for Production 13. The Value of Labor in Smoothly Functioning Markets 14. Limitations on Competition in the Labor Markets 15. The Markets for Land, Capital, and Entrepreneurship Part 4. Microeconomic Conversations ...
Part 3: Factor Markets ... 19. Inequality, Income Distribution, and Poverty Part 4: Microeconomic Issues 20. Market Failure, the Environment, and Natural Resources 21. Government Spending, Taxation, and the Economy 22. Public Choice	... 8. Competition and Monopoly 9. Price Searching 10. Competition and Government Policy ... 13. Markets and Government		

Part 5: Growth and Fluctuation ... 27. Aggregate Supply and Aggregate Demand Part 6: Money and Debt ... Part 7: Stabilization ...	14. The Overall Performance of Economic Systems ... 16. The Supply of Money ... 18. Economic Performance and Political Economy 19. National Policies and International Performance ...	Part 4: Macroeconomics ... 18. Aggregate Demand and Aggregate Supply ...	Part 5: Macroeconomics: Issues and Institutions ... Part 6: Macroeconomic Analysis 23. Classical Economics: Focus on Supply 24. Keynesian Economics, Focus on Demand ... Part 7: Macroeconomic Conversations ...
Part 8: The World Economy ...	21 The Limitations of Economics	Part 5: International Economics and Finance ...	Part 8: Parting Words 34. The Conversation of Economics

Chapter Three

How to Do Things with Markets: What Neoliberalism Is (Not)?

Introduction

Much of the contemporary rearticulations of the relation between markets and governments, as exemplified by the cartoon from the introduction, prove difficult to reconcile with the typical modern, liberal understanding of the relation between economics and politics. Neoliberalism is commonly suggested as an alternative label to refer to the altered relations between the market and the state. The cartoon from the introduction could hence be read as a reflection of a typically neoliberal sentiment. As neoliberalism has become the modern catchword to describe the global turn toward the market, anyone interested in these new manifestations of the current politics of markets cannot avoid engaging it. The adoption of neoliberalism as label to address the new relations of the market and state is however both a blessing and a curse. While one cannot avoid mentioning neoliberalism, it also seems impossible to refer to neoliberalism without getting embroiled in controversy or polemics. One reason why neoliberalism is hotly contested is that it turns out to be conceptually elusive. While neoliberalism is commonly used to represent a heterogeneous set of market policies or ideologies alleged to be globally hegemonic, it is unclear what unites these various policies and ideologies and how it differs from what is already familiar. Despite a growing academic interest in the topic, it is still hard to come by a convincing and well-defined definition of neoliberalism. What is neoliberalism, and why is it so hard to pin down?

This chapter seeks to provide an alternative definition of neoliberalism that addresses some of its pitfalls. The argument is that the main reason why neoliberalism defies easy definition is due to a failure to appreciate that neoliberalism is first of all a discursive phenomenon. Neoliberalism is obviously about markets, and more markets. Most accounts read neoliberalism therefore in terms of market policies or a market ideology. These accounts however tend to overlook, what I take to be the distinguishing feature of the neoliberal political project. What sets neoliberalism apart namely, is what it ‘does’ with markets. Neoliberalism presents a different kind of politics that instead of being driven by

policy proposals or ideological visions, constitutes a discursive politics. My proposal is therefore to view neoliberalism as a discursive politics of the market. Only by recognizing that neoliberalism is at its core a discursive politics of the market, will one arrive at a less elusive account of the phenomenon and begin assessing its impact.

In the first part of the Chapter, I take issue with existing popular narratives of neoliberalism to highlight a number of features that attest of its elusiveness. It is unclear for instance who could be qualified as neoliberal. Also, what are the intellectual origins of neoliberalism and why for instance does the popular narrative award such a great importance to non-governmental, non-partisan organizations such as think tanks for its dissemination? Is neoliberalism a political or an economic doctrine and how does it relate to the discipline of economics? Finally, how is neoliberalism different from well-known political doctrines, such as liberalism or neo-conservatism? The reason why neoliberalism appears elusive in many popular accounts, is that we have largely been heedless of its discursive qualities. In other words, it is not neoliberalism that is elusive but its discursive politics that eludes our grasp. The task is therefore to present an account of the discursive politics of neoliberalism.

If we conceive of neoliberalism as a particular discursive strategy, there still remains the question what its political stakes are. If not the direct product of a politics inspired by a pre-defined policy agenda or political ideology, how are we to situate the discursive politics of neoliberalism? One way, is to see it as articulating a new, neoliberal governmentality. In the second part of the Chapter, I will review Foucault's account of neoliberalism to show how the discursive politics of the market is instrumental to introducing a radically new governmental rationality. How does neoliberalism understood as a discursive market politics, imply a new vision of government?

Neoliberalism: The Popular Narrative

Today, neoliberalism is presented as a well-accepted political doctrine. But what is neoliberalism? Over the years a fairly standard account of neoliberalism has emerged that now sits firmly in the popular imagination. This popular narrative of neoliberalism circulates on the Internet, has become popular among activists, is rehearsed in the popular press, and returns in much academic discourse. A typical example of the popular narrative is encountered in Susan George's *A Short History of Neoliberalism* (1999, 5), for quite some time the only source on neoliberalism to

go to. It also can be found in the Wikipedia-entry on neoliberalism.⁴⁶ Elements of the popular narrative surface in for instance David Harvey's much more sophisticated account in *A Brief History of Neoliberalism* (2005) or Steger and Roy's *Neoliberalism, A Very Short Introduction* (2010). Although instructive, these popular accounts have created somewhat of a caricature of neoliberalism with the effect that neoliberalism remains elusive and its distinctive nature indeterminate.

There are three elements that invariably return in the popular narratives on neoliberalism. Obviously, the first is to present neoliberalism as a set of policies or ideology that advocates the market in the broadest sense imaginable. Although there exist a great many different interpretations and versions of neoliberalism, they all revolve around the market as the single most important institution for governing economic, social and political life. This endorsement of the market generally entails some sort of demise of the state. Given these general precepts, neoliberalism however represents a heterogeneous set of policies and ideas. On a national level it is most commonly associated with the retreat of the state from the economy, through the famous trio of liberalization, deregulation, and privatization. It is also seen to entail the demise of Keynesianism and macro-management of the economy through fiscal policy, or industrial policies and even monetary policy (viz. Gamble 2009a). More specifically, in some accounts neoliberalism is equated with monetarism or supply side economics (Arestis and Sawyer 2004; Gill 2001; McNamara 1998). Alternatively, neoliberalism is seen to advocate the end of 'big government' through reduced government spending and lower taxes. Elsewhere, neoliberalism is associated with the unleashing of capitalism and the end of embedded liberalism (Buch-Hansen and Wigger 2010; Duménil and Lévy 2004). On an international level, neoliberalism is seen as favoring free trade. In the popular narrative, neoliberalism is then often brought in relation to globalization with which it both concurs and converges. In the context of development, neoliberalism stands for structural adjustment and reform based on the free market, commonly known as the Washington Consensus. Finally, neoliberalism is seen to animate various forms of regional economic integration, such as in the case of the EU, NAFTA or ASEAN.

Neoliberalism has not remained confined to economic policies only, but is increasingly seen to extend to social policy and beyond. Neoliberalism stands for the reduction of all forms of government regulation, subsidies, social insurance,

⁴⁶ For a very thoughtful discussion of how the Wikipedia entry on neoliberalism self-reflexively ties in with neoliberalism itself, see Mirowski (2009).

benefits, protections and publicly provided services and goods. As such neoliberalism is interpreted as a dismantling of the welfare state. In addition, neoliberalism has become a way to address the ‘marketization’ of many more government functions and policies by making the market the preferred mode and metaphor of governance. Moreover, neoliberalism is turned into a label for a socio-cultural logic following from the imaginative extension of the market to social and cultural relations (e.g. Comaroff and Comaroff 2001; Davis and Monk 2007). These examples show that in the popular narrative neoliberalism is at best a catchphrase for a heterogeneous conglomerate of policies and ideological views that share a love for the market and skepticism towards the state. It denotes a mixed bag of policies that proffer the market as policy panacea. The popular image of neoliberalism is therefore best captured using the ideological slogan: *more markets - less state*.

Besides emphasizing its exuberant market politics, there is another feature that inevitably returns in the popular narrative on neoliberalism. It invariably proclaims the global hegemony of neoliberalism (viz. Harvey 2005; Plehwe, Walpen, and Neunhöffer 2005). Many contend that neoliberalism is the hegemonic political doctrine of our times: we are all neoliberals now. The narrative of neoliberalism’s global hegemony tends to be couched in the imagery of a ‘revolution’ (e.g. Cockett 1995; Harvey 2005; Robison 2006; Yergin and Stanislaw 2002). Neoliberalism is presented as a global ‘revolution’ to the extent that neoliberalism is now the only viable political doctrine for which There Is No Alternative (TINA). The revolutionary imagery is supplemented with a number of standard references in the popular narrative as to how the neoliberal revolution achieved its global hegemony. That story is again a mix of familiar elements. First, is a reference to the achievements of a host of political actors, starting with the Reagan and Thatcher administrations that in the 1970s spearheaded the ideological turnaround and enacted neoliberal policies (Cockett 1995; Harvey 2005; Steger and Roy 2010; Yergin and Stanislaw 2002). They are credited with implementing major programs of deregulation, liberalization and privatization, and abandoning Keynesian macro-economic policies which were replaced by supply-side and monetarist policies. These first neoliberal revolutions soon got a world-wide following in countries ranging from Chile and the rest of South-America, to South-Africa, Israel, to China. International institutions, such as the IMF, World Bank, the GATT and WTO are cited as major players that reinforced the neoliberal policies on a global level. Major historical events, such as the Oil crisis and later the Fall of the Berlin Wall are described as decisive moments in the advance of neoliberalism.

A second returning reference in the popular narrative concerns the role of academic economists in manufacturing the global hegemony of neoliberalism. It is argued that neoliberalism had long been prepared for on an intellectual level, in economics. With its emphasis on the market, neoliberalism is often branded an economic ideology. One easily points at classical economists such as Adam Smith and Ricardo as the arch-fathers of the neoliberal precepts of free markets and free trade (viz. Steger and Roy 2010, 2-3). The main intellectual impetus of neoliberalism is nonetheless without exception ascribed to the improbable intellectual duo of Hayek and Friedman, conveniently equated with the Chicago School. What Reagan and Thatcher are said to have done for neoliberalism as political actors, Hayek and Friedman did as intellectual founding fathers. While Hayek is mostly seen as a pioneer of neoliberalism, Friedman has been personified as the ideologue and strategist of neoliberalism, not least through his role as political advisor to for instance the Pinochet regime in Chile (Klein 2007).

Besides these academic ideologues, most accounts also focus on the role played by independent think tanks and policy institutes in the hegemonization of neoliberalism (Cockett 1995; Desai 1994; George 1997, 1999; Harvey 2005; Steger and Roy 2010; Stone 1996). Organizations like the American Enterprise Institute in the US or the Adam Smith Institute in the UK, oft funded with corporate support are presented as effective transmission mechanisms between the worlds of academia and politics and are held responsible for the dissemination of neoliberalism. Special attention is awarded to the Mont Pèlerin Society (MPS), a global network of neoliberal thinkers founded by Hayek in 1947 (Cockett 1995; George 1997, 1999; Harvey 2005; Mirowski and Plehwe 2009; Plehwe and Walpen 2005). Its first meeting was attended by Friedman, Director, Knight, Machlup, Stigler, Lionel Robbins, Popper, Eucken, Röpke, Mises, Allais and future members includes Coase, Buchanan, Becker, Haberler, and Vernon Smith among others. The MPS still exists today and its stated aims are to offer “intellectual arguments” and “valid ideals” with “the hope of strengthening the principles and practice of a free society and to study the workings, virtues, and defects of market-oriented economic systems.”⁴⁷ The MPS is often construed as the epitome of how the hegemony of neoliberalism was manufactured. While everyone attempts not to overstate the role played by these extra-political institutions in the dissemination of neoliberalism, they nonetheless are of great appeal within the popular narrative of neoliberalism.

⁴⁷ Mont Pèlerin Society, Statement of Aims, <http://www.montpelerin.org/mpsGoals.cfm>, last accessed: May 26, 2009.

In the popular imagination, neoliberalism is thus portrayed as a hegemonic and global political ideology advocating more markets, and less government. It received its ideological impetus from a conspicuous group of academic economists and was propagated through an inscrutable network of extra-political think tanks. Neoliberalism is sometimes popularly referred to as a form of “market fundamentalism.”⁴⁸ This label aptly captures the uneasiness that surrounds neoliberalism as it expresses both the excessive and principled nature of its market policies as well as the zealous organizations through which it became hegemonic. It must be said that the popular account is recently receiving more criticism and has come under scrutiny. Recently there has emerged much insightful research into the intellectual history (Mirowski and Plehwe 2009; Turner 2008), patterns and mechanisms of dissemination (e.g. Campbell and Pedersen 2001; Fourcade-Gourinchas and Babb 2002; Peet 2007; Prasad 2006), and policies of neoliberalism that seriously challenges the popular account. This narrative nonetheless remains persistent. In the next section I review some of the most important reasons that may explain why neoliberalism has remained elusive. By pressing the popular narrative we will derive a more systematic and more convincing definition of neoliberalism that better captures both the spirit of its policies and its ideological impetus.

Elusive Neoliberalism

Despite widespread and popular usage, neoliberalism as a political doctrine is far from universally accepted and recognized. Not everyone recognizes him or herself in the definition, and others may not recognize it as a phenomenon in its own right. In order to arrive at an understanding of neoliberalism that bridges these difficulties, it is worth probing a bit deeper into why neoliberalism so far has eluded easy definition.

Neoliberalism: A Political Doctrine Nobody Owns?

The first problem raised by the popular narrative of neoliberalism is that while it presents neoliberalism as a significant political doctrine, there seems to be no one who owns up to it. There are virtually no individuals, groups of individuals or

⁴⁸ The neologism ‘market fundamentalism’ as a catchphrase for neoliberalism first gained popularity through Soros’ *Open Society: Reforming Global Capitalism* (2000) and Stiglitz’ *Globalization and its Discontents* (2002). It now acts as an imaginative shorthand for neoliberalism. It appears that it is especially being used by authors, including Soros and Stiglitz, who in my view seem to prefer the notion of ‘market fundamentalism’ in order to avoid the term ‘neoliberalism’ which they may find awkward or politically charged.

organizations that identify themselves with neoliberalism. None of the individuals or organizations popularly associated with neoliberalism for instance would call themselves neoliberal. One will look in vain for a ‘neoliberal manifesto,’ a philosophical treatise, or someone wholeheartedly advocating neoliberalism.⁴⁹ Reagan and Thatcher have never used the label ‘neoliberal.’ Nor did the alleged intellectual arch-fathers of neoliberalism, Hayek and Friedman hardly ever mention the term. Friedman reportedly only used it once in 1951, to describe his own position (Friedman 1951; quoted in Mirowski 2009). Hayek too only referred to it once, as late as in 1973, using scare quotes to refer to ‘neo-liberal’ groups (quoted in Caldwell 2011, 316; Hayek 1978, 146). Likewise, neither did the organizations that are associated with the Washington Consensus or the think tanks that advocated neoliberal policies in any way or form embrace the label. The same also applies to economics. Although it is generally portrayed as the scientific pioneer of the movement, neoliberalism is not a term one encounters in economic journals, at conferences, or in the discipline’s textbooks.⁵⁰ The term ‘neoliberalism’ is virtually absent from journals such as *The American Economic Review* or *The Journal of Economic Perspectives*. Neoliberalism is not part of the vocabulary of economics and the basic attitude among economists is to disregard and ignore the label as much as possible. Also in the popular debate, economists avoid engaging with neoliberalism. In his scathing account of the IMF and other institutions responsible for the Washington Consensus for example, Stiglitz mentions neoliberalism just once and only in scare quotes so as to distance himself from the term.⁵¹ Also, in *the Economist* the term ‘neoliberalism’ barely features. When it does, it is invariably printed in scare quotes or used as a disdainful qualification of the position of others. When confronted with the label, those addressed by it, either ignore it or respond to it with contempt.⁵² The Peruvian

⁴⁹ In a literature search, I have come across one document titled a ‘neo-liberal manifesto’ (Peters 1983). It has no obvious links with neoliberalism as we now know it, but was a manifesto for renewing the Democratic Party in the US.

⁵⁰ Although not many have studied the direct link between economics and neoliberalism, it is implicit in the popular account of neoliberalism (e.g. George 1997, 1999; Harvey 2005; Klein 2007). The link has been made explicit in the research of Fourcade-Gourinchas and Babb (2002) who studied the impact of academically trained economists in the dissemination of neoliberalism. Others who have pursued this line of reasoning are Richardson (2001) and Fullbrook (2006).

⁵¹ “The Washington Consensus policies are sometimes referred to as “neo-liberal,” based on “market fundamentalism,” a resuscitation of the laissez-faire policies that were popular in some circles in the nineteenth century” (Stiglitz 2002, 74).

⁵² A recent exchange between two historians of economics, namely Mirowski and Caldwell on the topic of the Chicago School, Friedman, Hayek and neoliberalism, serves as a telling example. Caldwell (2011) responds to a paper by Mirowski and Van Horn (2009) that seeks to directly link the birth of the Chicago School and the role of Friedman and Hayek therein to the formation of a

novelist and one time presidential hopeful, Mario Vargas Llosa for instance has claimed: “I consider myself a liberal. I know many people who are liberals, and many more who are not. But, throughout [my] career ... I have not known a single neoliberal” (Vargas Llosa 2002, 27). When called a neoliberal, he responds as if stung by a bee: “in Latin America ... they call me a liberal – or, worse yet, a neoliberal – to exorcise or discredit me.” (Vargas Llosa 2005).

Neoliberalism thus presents a curious puzzle. Neoliberalism is considered a hegemonic political doctrine, yet no one identifies with it. This shows us something important about neoliberalism, namely first that it is primarily used by its opponents. This view is confirmed by a study conducted by Boas and Gans-Morse (2009) on the usage of neoliberalism in the social sciences. They found that neoliberalism is used “asymmetrically across the ideological divide” (138), meaning that the term ‘neoliberalism’ is exclusively used by its adversaries but avoided by its alleged advocates. Although the history of how and why the term neoliberalism gained its current meaning still needs writing, it is safe to say that its recent popularity is the labor of its opponents. It seems plausible that neoliberalism came into being as a unifying label and rallying cry for those who sought to resist Reagan or Thatcher, the philosophies of Hayek and Friedman and policies of the IMF and WTO. It hence emerged as a suitable label in the hands of a heterogeneous collection of actors and movements, including anti-globalization protesters, political activists, journalists, politicians, and academics of all stripes and persuasions, who were trying to name and criticize the new political-economic regime they saw emerging. Because it was from the outset primarily a critical term, those defending the precepts of neoliberalism therefore avoid the term and resist being labeled as such. Some therefore emphasize its pejorative ring. This asymmetry in use of the term is one of the reasons that contributed to the elusiveness of neoliberalism.

neoliberal thought collective. The response of Caldwell, the biographer of Hayek, to this charge is interesting because even though it is performed with a view of historical accuracy, it is representative of the response of many economists. One first tries to disqualify neoliberalism altogether. Neoliberalism is not a coherent political doctrine. Second, one argues that there is no evidence in the work of in this case Friedman or Hayek, for the claims made by neoliberalism. The conclusion is therefore that economics or particular economists should not be blamed for claims that they did not make in the first place, and that to side with Vargas Llosa, neoliberalism is “not a doctrine cooked up by Hayek and the Chicago School economists, but by opponents who wish to tar them with pernicious views in order to dismiss them” (328). Another example of this attitude of avoiding the term can be found with Backhouse (2005) in his account of “the rise of free-market economics” in which he basically reiterates the popular narrative of the history of neoliberalism through the lens of the historian of economics.

The asymmetry in usage discloses something else. It namely also suggests that the label 'neoliberalism' was constructed as a way to resist the phenomena of neoliberalism. And while neoliberalism is viewed as hegemonic, 'neoliberalism' thus functions as a term to counter that hegemony. The asymmetry in usage is hence a reflection of the counter-hegemonic nature of the term. This also means that any mention of neoliberalism always carries with it the discursive struggle of which it is part. Raising the specter of neoliberalism for instance, nearly always immediately implies taking sides against its policies or proposals. The emergence of neoliberalism as a new label should therefore also be seen as a critical response to a set of phenomena, which up to then gained ground without being noticed. Labeling is then a first way of resisting the phenomenon. The reason why Vargas Llosa responds so prickly against being called a neoliberal is not that he wants to dissociate himself from neoliberal policies, but that he does not want to cede any discursive ground to his critics. One of the first chroniclers of neoliberalism, Susan George (1997) has from the outset been well aware of the fact that the hegemony of neoliberalism is the product of a discursive struggle. She therefore claims that the Left should learn from the strategies of the neoliberals and calls for developing a counter-hegemonic discursive apparatus similar to that employed by the neoliberals. Be that as it may, we may conclude from the counter-hegemonic nature of neoliberalism however, that we need to take a closer look at the exact discursive play that surrounds not only the label but also neoliberalism as a phenomenon. The first reason why neoliberalism eludes easy definition and categorization is that it is a figure within a more complex discursive phenomenon that we have not yet started to delve into.

Neoliberalism: A Missing Link in a Troublesome Intellectual Past?

The second reason why the popular account of neoliberalism is elusive, concerns the way it has constructed the intellectual history of neoliberalism. As said, in the popular narrative the intellectual roots of neoliberalism are typically ascribed to Hayek, Friedman and the Chicago School. Most accounts of the intellectual history of neoliberalism nowadays correctly start by attributing its origins to the German School of ordoliberalism. The term neoliberalism allegedly originated with the so-called *Colloque Walter Lippmann* held in Paris, 1938. The Lippmann colloquium was organized by a French economist named Louis Rougier. A rooster of European liberal intellectuals such as von Mises, Michael Polanyi, Hayek, Rueff, Aron and the exiled Röpke, Rüstow met to discuss the French publication of *An Inquiry into the Principles of the Good Society* by the American commentator Lippmann who

was on a honeymoon there (Foucault 2008, 132-133). Rougier proposed the need for a new or neo-liberalism.⁵³ These themes had also been the key concern of a group of German economists including Röpke, Rüstow, Eucken, Böhm, and Müller-Armack many of whom were affiliated with the University of Freiburg and published in a journal entitled *Ordo* during the 1920s and 1930s. The ordoliberals were trying to define a new form of market liberalism to provide an antidote to what they saw as the then creeping collectivization and state-control over the economy (Friedrich 1955; Oliver 1960). Similar ideas formed the intellectual backdrop for the meetings of the Mont Pèlerin Society founded by Hayek and Friedman.

The popular intellectual history of neoliberalism raises just as many questions as it answers. Only recently, have more serious histories started to pay closer attention to the intellectual roots of neoliberalism (e.g. Mirowski and Plehwe 2009; Peck 2010; Turner 2008). On a general level, the most obvious question is in what sense the views of Hayek and Friedman could be qualified as neoliberal and how representative the two of them are of neoliberalism? Why have they been singled out as the arch-fathers of neoliberalism? Especially tenacious are the historical ties that the popular history points at. Hayek is the linchpin in the history of neoliberalism as it is his biography that connects the early German neoliberalism with the later Chicago School neoliberalism, with Friedman as its mastermind. The MPS fits nicely into this account as it fulfills the role of intellectual conduit between Freiburg and Chicago. It should be noted however, that despite their affinities, Hayek's involvement in the ordoliberal school was very limited and his intellectual project somewhat different. In addition, his involvement in the so-called Chicago School should also not be overstated. It is moreover important to differentiate Hayek's project from Friedman's, which again represents just one branch within the Chicago School. The popular history therefore has the effect of overstating the cohesiveness of the intellectual positions defended by Hayek and Friedman. It also overstates the neoliberal-ness of their views. If anything, the intellectual history of neoliberalism has many roots and many branches, of which Hayek, Friedman, and the Chicago School are just two possible representatives. The blanket equating of neoliberalism with the political views of Hayek and Friedman or the Chicago School and vice versa, not only does injustice to their views, but more likely also misconstrues neoliberalism.

⁵³ See Foucault (2008, 152), note 15, who quotes Rougier as saying: "I would not like to use the expression 'left liberalism' ... I would prefer us to call this doctrine 'positive liberalism,' 'social liberalism,' or 'neo-liberalism,' but not the word 'left' which suggests a political position."

All these questions concerning its intellectual roots, I think, suggest that the intellectual history cannot be written without a view of the construction of ‘neoliberalism’ as a counter-hegemonic label and was made to fit this construction. One example may serve to show how more attention to the construction of neoliberalism as a counter-hegemonic term sheds a radically different light on its intellectual history. To tell the intellectual history of neoliberalism as a linear story that runs straight from Freiburg to Chicago and as the progressive coming to fruition of one unified ideal, namely presents a formidable problem. How are we to explain namely that while ‘neoliberalism’ was nothing more than an insignificant *nom de guerre* at the Lippmann colloquium and always remained a great unknown in Chicago, it nonetheless re-emerged around the 1970s to acquire its modern popular pejorative sense? There is some evidence that the label ‘neoliberalism’ did not travel straight from Freiburg to Chicago with Hayek or the MPS, but got there only much later and not before it took a counter-hegemonic detour.

The missing link in this case, could be found in the travels of the concept through South America and in particular Chile. Evidence for this claim can be found with the above-mentioned Boas and Gans-Morse (2009) who have charted references to neoliberalism in the social sciences. They convincingly show how the term migrated from Freiburg to Chile and only with the Pinochet revolution acquired its modern negative meaning. They observe that neoliberalism initially was associated with ordoliberalism and had positive connotations. They show how the term migrated to Latin America. There it gained popularity among pro-market intellectuals who, still in line with the Freiburg meaning, started using the term *neoliberalismo* as a direct translation of the German *neoliberalismus*. It was only in the 1980s, in a response to the violent reforms of the Pinochet regime that the meaning of the term started to shift. In the words of Boas and Gans-Morse (2009, 150): “Pinochet’s 1973 coup emerges as something of a watershed in usage of neoliberalism.” From then on, neoliberalism seems to have acquired its modern meaning, in which it became associated with the forceful application of radical market reforms. Up until today, neoliberalism in this modern sense, has remained a popular and charged political category in South American discourse.

The Chilean episode is a crucial yet underrated element in the history of neoliberalism which extends well beyond questions of intellectual history per se.⁵⁴

⁵⁴ The Chilean interlude is virtually absent from Rachel Turner’s otherwise very intellectual history of neoliberalism (Turner 2008). While Boas and Gans-Morse (2009) are to be credited with uncovering the historical detail that made this episode known, they do not fully exploit its implications. Naomi Klein (Klein 2007) is perhaps someone who has fully understood the importance

It is a very interesting twist to the history of neoliberalism. Boas and Gans-Morse have shown how neoliberalism was transformed into a pejorative term by way of Pinochet's Chile. It also offers a good explanation for how neoliberalism crossed over the ideological divide, its subsequent asymmetric usage, and its continuous appeal in South American discourse. More importantly, it provides the material for an alternative narrative of how neoliberalism got attached to Friedman or the Chicago School. The Chilean interlude may be the missing link that connects Freiburg to Chicago. It has been well-documented that Friedman and especially the so-called Chicago boys have been instrumental in the design of Pinochet's policies (Fourcade-Gourinchas and Babb 2002; Klein 2007; Valdés 1995). The common presupposition in these accounts is that Friedman thus exported his neoliberal policies to Chile. The material presented by Boas and Gans-Morse suggests a different story however. Friedman and the Chicago Boys did not bring neoliberalism to Chile, but rather the contrary: they contracted it there. Mindful of the Pinochet experience, neoliberalism became the band name for the merciless application of market reforms. Because of Friedman's complicity in the Chilean experiment, the Chicago School was to become neoliberal, if only by implication. This twist to the standard history of neoliberalism simultaneously explains the inversion of neoliberalism from *nom de guerre* into a pejorative and why Chicago could become the new home of neoliberalism without ever mentioning the term.

Because of the tendency to read too much into the intellectual origins of neoliberalism, the true nature of neoliberalism continues to remain elusive. Neither Hayek, nor Friedman, or the MPS were neoliberals, nor can they be called architects of neoliberalism. The obvious challenge is to provide an account of neoliberalism that shows why their positions could be qualified as such.

Neoliberalism: A Silent Revolution?

A third reason why neoliberalism has remained elusive is because it is invariably associated with what could be called a politics of ideas. As said, a common element in the popular account is to present neoliberalism as some sort of revolution of ideas. The popular narrative for instance unfailingly points at the various actors and organizations that were instrumental in building the hegemony of neoliberalism. Thus it creates the impression that neoliberalism somehow was effected behind the scenes, stealthily and imperceptibly. The advance of neoliberalism is portrayed as relying on unexpected and hitherto unknown means

of the Chilean experience which she further developed into a general thesis about neoliberalism as shock doctrine.

of dissemination. Its travels depended on intangible ideas, on impalpable institutions and even more inscrutable sources of funding. In this context, most attention goes out to highlighting the involvement of essentially non-state and less conventional political institutions, such as think-tanks, research institutions, experts, pundits and other interest groups, who operate not in the public eye. Thus, besides having no identifiable protagonists and questions concerning its intellectual origins, also the means of dissemination of neoliberalism appear elusive.

This raises the question why the emphasis on ideas and organizations that mediate them is so important within the popular histories of neoliberalism? Are these figments of a paranoid left-wing anti-neoliberal imagination or is there perhaps more at stake? To find out, it is worthwhile to look closer at how the new kind of dissemination characteristic of neoliberalism could be interpreted. A first intimation can actually be found in Hayek, who in an article entitled *The Intellectuals and Socialism*, distils from the rise of socialism the view that major political changes are preconceived in intellectual circles. It is generally believed that it was this vision that lay at the foundation of the MPS. In Hayek's view, in order to succeed his liberal counter-revolution required the nurturing of an intellectual environment where international scholars could meet and freely discuss their ideas about a free society. As Hayek expressed it, the purpose of the MPS was:

not to spread a given doctrine, but to work out in continuous effort, a philosophy of freedom which can claim to provide an alternative to the political views now widely held. Our goal, in other words, must be the solution not of the practical task of gaining mass support for a given program, but to enlist the support of the best minds in formulating a program which has a chance of gaining general support ... what to the contemporary observer appears as a battle of conflicting interests decided by the vote of the masses, has usually been decided long before in a battle of ideas confined to narrow circles. (Hayek, quoted in Cockett 1995, 104-105).

Hayek thus formulates and implements a new vision of how political revolutions are fought at the level of ideas.

This emphasis on the role of ideas in political struggle has remained a constant in the description of the rise of neoliberalism. In her *A Short History of Neoliberalism*, Susan George (1999) immediately points out that hegemony was built by means of a highly successful apparatus of ideas. Writing about the neoliberals:

They have understood ... that ideas have consequences. Starting from a tiny embryo at the University of Chicago with the philosopher-economist Friedrich von Hayek and his students like Milton Friedman at its nucleus, the neo-liberals and their funders have created a huge international network of foundations,

institutes, research centers, publications, scholars, writers and public relations hacks to develop, package and push their ideas and doctrine relentlessly.

George refers to a principle that gained popularity in conservative circles throughout the 1960s and '70s, namely that 'ideas have consequences.' It was derived from an influential book with the same title by Richard Weaver (1948), a conservative scholar of English and rhetoric at the University of Chicago. It stands for the view that the constitution of a good society requires shared moral ideas or values. This revaluation of ideas inspired especially the conservative movement towards a renewed emphasis on the fostering of ideas and values in the political process. The notion that ideas have consequences has for instance been highly influential in the rise of think tanks, in generating funding for their activities and determining their strategies (e.g. Smith 1991b, 20).⁵⁵ After his re-election, Reagan reportedly thanked his audience at the Heritage Foundation in a speech by reminding them of Weaver's dictum: "Ideas do have consequences, rhetoric is policy, and words are action" (quoted in Smith, 20). The ascendancy of neoliberalism is thus inextricably bound up with a turn towards a new sense of politics that is increasingly understood as a battle over ideas.

The reason why the popular narrative of neoliberalism is laced with references to Gramscian notions of hegemony and highlights the role of for instance think tanks in brokering its propagation, is to suggest that it is the product of a battle of ideas. The neoliberal revolution thus appears to coincide with the emergence of what could be called, a politics of ideas. One of the most important reasons why neoliberalism appears as elusive, I would claim, is that it constitutes a novel type of politics that centers on ideas. This makes it harder to identify and more difficult to trace. It indicates, that in order to understand what neoliberalism is about, one has to heed the way it works with ideas. We therefore need to reevaluate our current understandings of neoliberalism to acknowledge that neoliberalism is essentially is a discursive type of politics. The second part of this chapter is devoted to developing an alternative interpretation of neoliberalism that does more justice to the discursive nature of neoliberalism.

⁵⁵ The *Atlantic Institute for Market Studies*, a Canadian think tank, for instance writes on its website: "The think tank movement around the world is based on the notion that ideas have consequences" (<http://www.aims.ca/en/home/aboutus/whatwedo.aspx>, last accessed: October 19, 2011). The Heritage Foundation offers a similar statement: "We believe that ideas have consequences, but that those ideas must be promoted aggressively" (<http://www.heritage.org/about/our-history/about-the-heritage-foundation>, last accessed: October 19, 2011).

Neoliberalism: Liberalism by Another Name?

A fourth reason why neoliberalism has remained elusive is that it proves hard to differentiate it from existing political doctrines, especially liberalism. The policy recipes of neoliberalism with their emphasis on free markets do not seem too different from the recommendations of some known versions of liberalism. To some then, neoliberalism may be elusive because it does not represent anything new. Is neoliberalism different from liberalism or some versions thereof, or is it merely another name for something we already knew? If neoliberalism is just liberalism in a new guise, than what is its significance, and why then did it become so popular?

Liberalism is of course far from a singular political doctrine or philosophy and the term has multiple meanings and connotations. Leaving aside the various and oft-contradictory associations of the term in everyday politics, in political theory liberalism is generally held to be the view that the individual, individual freedom or equality of individuals are the foundation of political and social order. Given the emphasis on individual freedom or equality, liberalism is generally associated with a commitment to a wide range of social and political institutions such as constitutional democracy, the rule of law, respect for freedom of speech, thought, religion, and individual rights among other things. The market is for liberals the preferred institution for governing economic life, because of its emphasis on individual freedom. Liberals may differ in their assessment of the market dependent on whether they for instance emphasize the freedom of choice, the voluntary nature of action within the market, or the absence of coercive action by authorities, governments, or other monopolies of power. Yet also within liberalism, support for the market is far from universal, as one could question the ability of markets to honor individual freedom or equality. The market is nonetheless a key liberal institution among many others. Together, with the institution of liberal democracy, the market economy is often portrayed as one of the two pillars of liberalism, in catchphrases such as ‘liberal capitalist democracy’ or ‘liberal market democracy.’

Given these general features, liberalism as a political doctrine has a much broader purchase than what is commonly understood by neoliberalism. It would therefore be a gross oversimplification to say that neoliberalism is just liberalism by another name. Still, while neoliberalism is not the equivalent of any such comprehensive understanding of liberalism, it could still be seen as just another name for one or more strands within liberalism. Here one should for instance consider economic liberalism, classical liberalism, or libertarianism.

Nowadays, it is common to distinguish political liberalism from economic liberalism.⁵⁶ The first is then concerned with the broader questions of civil and political freedom or equality and the political institutions conducive to it. Economic liberalism on the other hand is associated with *laissez faire* economic policies and an emphasis on limited government, and the protection of freedom in the market. In the standard narrative, neoliberalism is often described as exactly that, namely as a set of policies that through for instance liberalization, deregulation, privatization and free trade, seek to advance free markets. It may therefore be tempting to interpret neoliberalism as the equivalent or a strong version of economic liberalism. If we are to meaningfully set neoliberalism apart, one will have to show how it is different from economic liberalism. The popular narrative creates the impression that neoliberalism is indeed different from economic liberalism and presents the first as a more radical version of the latter. The question that needs answering is how exactly neoliberalism constitutes a more radical version of economic liberalism. The answer, I hope to show, is to be found in a view of the market that in some ways transgresses the boundaries of the market as perceived in economic liberalism.

A second strand of liberalism that neoliberalism appears to have close affinity with is what in some circles has become known as classical liberalism. Classical liberalism is the self-acclaimed revival by von Mises and Hayek of older liberal traditions and takes its cues from classical economists such as Smith, Mill and Ricardo (viz. Conway 1995). Contemporary proponents of classical liberalism include James Buchanan (e.g. 2005), or the current chairman of the MPS, Deepak Lal (2006), and sometimes also Milton Friedman.⁵⁷ Classical liberals are strongly

⁵⁶ It is not entirely clear what the origins are of the popular distinction between political and economic liberalism. Hardin (1993) has argued that liberalism broadly conceived, actually dates back to two distinct intellectual traditions. One broadly called political, originated with debates over religious tolerance and stimulated a protracted debate over questions of freedom and political order that can be encountered in the political philosophy of Hobbes and Locke for instance. The other, now conveniently dubbed economic, emerged in an altogether different context and was concerned primarily with typically “economic” issues, such as regulation of domestic and foreign trade. The primary reference for the latter is of course Smith and his concept of natural liberty. Notwithstanding these intellectual traces, it seems very much a 20th century invention to disentangle and juxtapose the two.

⁵⁷ Friedman’s position is somewhat hard to categorize. While his views have the obvious markings of classical liberalism, he could also be viewed as espousing a strong version of economic liberalism. When speaking of his own position he resorts – as usual – to an instrumental view: “I am a libertarian with a small ‘l’ and a Republican with a capital ‘R.’ And I am a Republican with a capital ‘R’ on grounds of expediency, not on principle ... I think the term classical liberal is also equally applicable. I don’t really care very much what I’m called. I’m much more interested in having people thinking about the ideas, rather than the person.” In *Capitalism and Freedom*, Friedman (1962, 5) resigns to

committed to individual freedom, the rule of law, private property and the freedom of contract, and they are suspicious of any form of coercive power. In classical liberalism, individual liberty and respect for property rights are the core political and legal norms (viz. Mack and Gaus 2004). The only legitimate social and political order is that order – in analogy to the market – which emerges naturally or spontaneously from the pursuit of individual liberty. As a consequence, classical liberals are highly skeptical of virtually all government interventions which they view as the exercise of a coercive power that limits individual liberty and private property. Most regulations and provisions by the state, and the welfare state in particular, they consider modern perversions of liberalism.

It is important to note that classical liberalism is quite different from straightforward economic liberalism. For one, classical liberalism dispenses with the distinction between a liberalism that can be either economic or political. While economic liberalism entails a *laissez faire* stance towards things economic, for classical liberalism the unrestricted exercise of liberty is turned into a general norm. Classical liberalism could hence be seen to conflate economic and political liberalism transplanting the economic notion of *laissez faire* to the political. Classical liberalism is in that sense much more radical than economic liberalism as it extends the norms of individual liberty and property rights beyond the domain of the economy.

Given this account of classical liberalism it is not hard to see how the popular narrative often presents it as the ideological or political philosophy of neoliberalism. The neoliberal policy recipes of more markets and less government bear many resemblances to the classical liberal view of individual liberty and limited government. Should neoliberalism hence be interpreted as just another name for classical liberalism? With the obligatory references to Hayek and Friedman in the popular narrative, classical liberalism in fact seems a more appropriate and accurate label. For one, neoliberalism shares with classical liberalism the conflation of economic and political liberalism. Yet, despite their affinities, they also differ substantially. Some of their policy recipes are the same – but not necessarily all – and to the extent that they are the same, they appear to be based on different ideals or reasons. As said, for classical liberals the conflation of economic and political liberalism is the result of their strong beliefs about the nature of a liberal social order. They perceive the market and market-like political

using simply liberalism as a label. Throughout that book he consistently employs the distinction between economic and political liberalism, which sets him apart from a classical liberal.

orders as the only viable liberal order, while neoliberalism seems to argue something stronger.

Similar arguments could be made with regard to libertarianism. It is actually hard to differentiate libertarianism from classical liberalism (*viz.* Mack and Gaus 2004). One way is to point out that libertarianism draws on a different intellectual tradition, namely the early liberal thought of Hobbes or Locke as opposed to the classical economists. One could also say that libertarianism is less economic than classical liberalism, but these are differences in style rather than substance. Compared to classical liberals, libertarians appear to be committed to an even more radical conception of individual liberty and individual rights in particular. They are also even more fervently anti-statist, with some bordering on the anarchic. Libertarians therefore also favor markets and market-like solutions and advocate a minimal role for government. The policy recommendations of libertarians are thus similar to those of neoliberals as they also seem to conflate economic and political liberalism. Yet, it seems incorrect to equate neoliberalism with libertarianism. Just as with classical liberalism a more comprehensive account of neoliberalism is required to help us differentiate the two.

The picture of neoliberalism drawn up in the popular narrative so far turns out to have created more confusion than clarity about the nature and origin of neoliberalism. I have been pointing at some of the reasons why in the popular account neoliberalism has remained elusive. To quickly sum up, one reason is that neoliberalism appears to be only owned by its opponents as a way of countering its perceived hegemony. This suggests that neoliberalism cannot be understood in isolation from a larger discursive struggle in which it partakes. Second, the account of the intellectual history is overly linear and overstates its ideological underpinnings. It presents neoliberalism as a much more coherent program than it actually is. A third reason is that the popular narrative fails plausibly explain its claim that neoliberalism had ascended to hegemony through a murky battle of ideas that largely eluded the public eye for achieving its hegemony. Is there perhaps a deeper reason why the hegemony of neoliberalism depends on intermediation by these discursive agents? Fourth, in the popular narrative neoliberalism appears as just another name for liberalism. In its more-markets-less-state guise, neoliberalism is indistinguishable from many versions of classical and economic liberalism.

Given these considerations, should we then conclude after Vargas Llosa (2002) that the “monster nicknamed neoliberalism” (31), was merely erected as a

“macabre scarecrow” (26), “phantom” (26), “straw man” (27), and “caricature” (31)? Is he right to claim that “the term has not been invented to express a conceptual reality, but rather, as a corrosive weapon of derision, it has been designed to semantically devalue the doctrine of liberalism” (27)? I beg to disagree. Neoliberalism deserves wider recognition as an independent political program, but is not adequately covered by the popular narrative. As long as we fail to adequately identify and express its real program and stakes, neoliberalism will remain elusive and subject to easy dismissal. In what follows, I will present an alternative account of neoliberalism that is more comprehensive than the simplistic more-markets-less-government view. It will show how neoliberalism consists of a new politics of the market that departs from a common liberal understanding. Moreover, we will see that the discursive play that has surrounded neoliberalism from the outset is to play a central role within this alternative interpretation.

A Neoliberal Governmentality

The standard narrative has rendered neoliberalism somewhat opaque. In this section, I want to turn to Foucault’s reading of neoliberalism as a way to arrive at a more general and satisfactory account of neoliberalism that at the same time addresses some of the issues raised in the previous section. There are a number of reasons motivating this focus on Foucault’s theory. The first is that Foucault analyzes neoliberalism through the lens of governmentality, namely by viewing it as a distinct attitude towards practices and ideas on how to govern. In doing so, Foucault introduces a concept of neoliberalism that goes beyond typical accounts that view it as a policy agenda or ideology (viz. Larner 2006). It directs our attention away from the actual policies or ideological statements to consider the more general program that speaks through it. The second reason is that Foucault’s approach offers a very clear account of how a neoliberal governmentality departs from its earlier liberal conceptions and thus addresses the novelty of neoliberalism head-on. Moreover, since Foucault’s notion of governmentality emerged from his highly incisive reading of the interrelation between the economy and politics, viewing neoliberalism in these terms has the additional benefit of situating it in that broader context. The discussion of neoliberalism in this chapter is therefore a continuation of the analysis from chapter one. Finally, it must be noted from the outset that Foucault developed and presented his ideas on neoliberalism during his lectures at the Collège de France over the course of 1978 and 1979. His analysis thus predates the heyday of neoliberal policies and ideologies and is not affected by anything relayed in the popular narrative. Foucault’s early intimations of

neoliberalism nonetheless appear scarily prescient of how it was about to unfold (cf. Tribe 2009).

Foucault's approach of viewing neoliberalism as governmentality has recently received a lot of attention (Barry, Osborne, and Rose 1996; Bröckling, Krasmann, and Lemke 2010; Burchell, Gordon, and Miller 1991; Dean 1999; Lemke 2001; Rose 1999). Here I want to go back to Foucault's original formulation of the notion of a neoliberal governmentality to tease out its central features. Foucault stumbles on the idea of a separate neoliberal governmentality in his 1979 lectures on the *Birth of Biopolitics* (2008).⁵⁸ Recall from Chapter 1 that Foucault introduced the notion of governmentality in his 1979 lectures on *Security, Territory, and Population* (2007) as a way to analyze the structure of modern political power. There, Foucault had argued that in our modern age political power is typically exercised in the form of government. From the 18th century onwards moreover, one witnesses the emergence of a liberal governmentality, in which a naturalized market is presented as a limit to government. In his 1979 lectures, Foucault jumps to the present where he begins to perceive a departure from that modern liberal attitude towards government. Throughout the lectures, he presents a number of examples which to him are representative of a novel, neoliberal type of governmentality. He broadly discusses two schools of thought, namely the ordoliberal or Freiburg School and the Chicago School, dubbing them German and American neoliberalism. This way, his examples dovetail nicely with today's popular narrative. Foucault's aim however is to show how these two schools of thought were partial to the articulation of a radically new art of government. They were the outcome of perceived crises in contemporary capitalism that provoked a "crisis of [liberal] governmentality" (2008, 69). For Foucault, neoliberalism is a "shift," "transformation," "inversion," "new programming" or "re-elaboration" of the liberal governmentality. While neoliberalism is thus to some extent continuous with liberalism, it also radically departs from it. The way neoliberalism departs from liberalism, as I read it, is through a radical change in the conception of the market. In the following I will briefly discuss Foucault's analysis of the two versions of neoliberalism to get a general understanding of neoliberalism as a distinct type of governmentality which relies on a novel role for the market.

⁵⁸ For a good account of the context of these lectures, their posthumous publication, a summary and overview, and an account of the intellectual background, see (Behrent 2009; Lemke 2001; Tribe 2009).

German Neoliberalism

The first expression of a drift in governmentality, Foucault locates in the work of the so-called German neoliberals. From the 1920s up until after WWII, one can witness the emergence of a new conception of government in German political-economic thought that dramatically reconstitutes the relation between the market and the state. Relaying the history of the ordoliberal school and citing their participation in the Lippmann Colloquium (viz. Rougier 1939), Foucault shows how since the Weimar Republic of the 1920s, the German neoliberals had been concerned with the question of how to legitimize the state. With first the rise of the Nazi state and toward the end of the war its demise, this question became increasingly prominent. After the war, most of them were members of the Scientific Council or had positions in the administration of the Anglo-American zone and were hence actively involved in articulating the post-war German state. Foucault is trying to show that German neoliberals in doing so, revolutionized the relation between the market and the state. By way of overview, the standard idea is that ordoliberalism maintains that the market is in principle the best way of organizing economic and to some extent social life, but that it nonetheless requires strong state involvement for constituting it (Friedrich 1955; Oliver 1960; Peacock and Willgerodt 1989; Peacock, Willgerodt, and Johnson 1989; Ptak 2009; Tribe 1995).

To illustrate how ordoliberalism can be seen to express a new, neoliberal conception of government Foucault refers to a speech held by Ludwig Erhard. As the director of the economic administration of the Anglo-American zone right after WWII, Erhard was addressing its Scientific Council, which consisted largely of ordoliberals. He states: “We must free the economy from state controls ... only a state that establishes both the freedom and responsibility of the citizens can legitimately speak in the name of the people” (quoted in Foucault 2008, 80-81). Foucault argues that Erhard here articulates a new legitimacy for the state as he inverts the liberal idea of the relation between the economy and the state. Although Erhard appears to convey a very straightforward liberal idea, namely that the state should abstain from intervening in the economy, Foucault reads Erhard as claiming something much more radical. In the second part of the quote, Erhard namely appears to argue the opposite of the liberal idea about the economy. There he proposes a much stronger notion, namely that the state only acquires its legitimacy by actively establishing the market. Against the background of post-war Germany where the state was practically absent and had lost all its legitimacy, Erhard re-imagines the state as the guardian of the market and of being the guarantor of the

freedoms of the market. As such, he formulates a governmental logic that runs counter to the liberal idea of government, namely one in which the market legitimates the state, as opposed to limiting it. Erhard conceives a state that derives its legitimacy from the market and the freedoms it confers. For Foucault, Erhard's proposal is an example of a neoliberal rather than liberal governmentality, in which the market is offered as the foundation of government. In its most abstract and broadest definition then, neoliberalism is the art of government or governmentality, in which the state depends on the market to legitimize its very existence.

The best way to describe the neoliberal governmentality is by showing how it depends on a conception of the market that is different from that of liberalism. Central to Foucault's idea of governmentality is the view that the market and government are mutually dependent and that the rationality of government is defined vis-à-vis the market. The difference between the liberal and neoliberal governmentality however is that they conceive the order between the market and government differently. One could say for instance, that in defining the art of government, neoliberalism inverts the order between government and the market compared to liberalism. Recall that in liberalism, the market was seen as a nature-like domain, which served as an object of government. In the liberal mindset, government consisted of letting the autonomous market as free as possible, at the most only steering, correcting, or controlling it. As Foucault shows with the example of Erhard, in the neoliberal view of government the notion of the market acquires a profoundly more central place. There is a shift in the hierarchical order between government and market. In liberalism the market is unruly and autonomous and government is hierarchically its master. In neoliberalism on the other hand, government is made subservient to the market that is hierarchically superior. From an object of government, the market is thus transformed into the legitimacy for, and technique of government.

This inversion of the order between market and government in neoliberalism also appears to imply a different conception of the market. The example of Erhard namely also shows that in neoliberalism, the tasks of government are not just explicitly defined in terms of the demands of the market but are increasingly geared to transforming, enabling and creating markets. The market shifts from being a natural reality that requires governing to become a normative ideal for government. Where liberalism relied on an objective, naturalized view of the market, neoliberalism instead holds on to a *constructivist* view. In the example of Erhard, government gains legitimacy when it constructs a market in which citizens are free. This constructivist view is for instance reflected in the importance within

ordoliberalism of the notion of *Ordnungspolitik* and *Ordnung*, or market regulation, the idea that markets require ordering in order to deliver politically desired outcomes. We could conclude with Lemke (2001, 196) that in Foucault's analysis of neoliberalism, the most crucial feature of neoliberal government is its anti-naturalistic and constructivist view of the market, in which the market is no longer just a nature-like social object but rather serves as a constructive idea for government.

Foucault presents a number of examples and analyses of German neoliberalism that further substantiate the importance of market constructivism for this governmentality. In one such example Foucault shows that in German neoliberalism the meaning of the market has shifted from 'exchange' to 'competition' and how it is representative of a shift in governmentality. In contrast to 18th century liberals who represent the market as a site of exchange where parties meet and prices adjust to enable exchange, German neoliberals view the market principally as a site of competition. Viewing the market in terms of equitable exchange, allowed liberals to view exchange and competition as something that would flourish in absence of government intervention. This liberal politics of *laissez faire* as Foucault emphasizes, is predicated upon a naturalistic view of the market:

when you deduce the principle of laissez-faire from the market economy, basically you are still in the grip of what could be called a "naive naturalism," that is to say, whether you define the market by exchange or by competition you are thinking of it as a sort of given of nature, something produced spontaneously which the state must respect precisely inasmuch as it is a natural datum" (2008, 120)

For the German neoliberals, competition is however no longer a strictly naturalistic notion because for them the market is not competitive by nature but rather prone to disturbances. Their emphasis on the notion of competition therefore serves as an argument for increased government intervention. In the German view, markets require active policy to make them competitive. Their notion of competition expresses a constructive view of the market. In abandoning the naturalism of the market, the neoliberal vision of government is no longer one of *laissez faire* and restricted government, but market competition or pure competition are seen as the object of active policies and government involvement. Neoliberalism, Foucault emphasizes, is not just the laissez faire often attributed to Adam Smith, nor is it the complete marketization of social relations of Marx or the building of an international capitalism. Neither does neoliberalism advocate abstaining from intervention in the economy. Unlike the negative liberalism of classical liberalism, neoliberalism – to use a term that emerged at the Lippmann Colloquium –

represents a form of “positive liberalism,” which is an intervening form of liberalism.

This intervening nature of neoliberalism is most clear in the ordoliberal views on monopoly and competition policy. For classical liberals, monopoly is a natural corollary of the competitive market and a consequence of its very nature. Monopolies are the natural outcome of a competitive order as illustrated by Smith’s famous dictum that people of the same trade seldom meet, but to conspire and raise prices. Foucault points out how for German neoliberals monopolies are not the natural consequence of markets but rather the effect of something altogether foreign to the market order. Anticipating the Chicago approach to competition theory, they argue that monopolies are the outgrowth of external disturbances in the form of public authorities, the law, or regulation. At the same time, Röpke and Mises also argued that concentration and monopolies can be compatible with competitive structures. The view that monopolies are not inherent flaws of the market, but emerge when the market is impaired and prevented from functioning properly has lead the German neoliberals to actively engage with competition. According to Foucault, they therefore advocate active policies to enable markets to become more competitive and protect them from harmful monopolistic tendencies. German neoliberals have thus been devising and advocating competition policy that stimulate the market order. Foucault for instance points at their concern with what they call “conformable actions,” the German neoliberal interpretation of regulation. He points at Eucken for whom these fall apart in so-called regulatory actions and organizing actions (2008, 141). Regulatory actions are regulations that intervene in the market, but do so by respecting the conditions of the market. This form of regulation seeks to stimulate and strengthen the market. Organizing actions on the other hand, are forms of intervention that seek to create and enhance the conditions of existence of markets. Where regulatory actions strengthen the market, organizing actions actively create the conditions for markets. As Foucault shows, the market is moreover for neoliberals not just a principle for economic policy, but also for social policy. Their view is that social policy should not be working against the market as it does in standard conceptions of the welfare state. Rather German neoliberals envision a social policy that would provide citizens with the minimal requirements needed for participating in the economy. Thus, social policy should actually be made to conform to the market. Social policy in the neoliberal sense is not a casting of society in market relations but rather the general application of the principle of entrepreneurship to society.

To understand the political implications of this new neoliberal governmentality as well as to gauge why it was so attractive and powerful, Foucault's reconstruction of the political context in which it emerged is highly instructive. Foucault argues convincingly that German neoliberalism should largely be seen as a response to the experience of National Socialism. This view is confirmed by Tribe (1995), who has argued that ordoliberalism primarily is a response to National Socialism and not as is often thought, Soviet style communism. For the German neoliberals, the experience of Nazism was the key prism for illustrating how state intervention, in the form of protectionism, state aid, central planning, and Keynesian stimulus undermines both the economy and the state. In their view the problem of Nazism was not per se that the state was involved in the economy, but rather that the state granted the economy too little freedom. They present Nazism as some "anti-liberal invariant" (111), Foucault argues, of what happens when the state appropriates the economy and prevents it from operating freely. The economic practices of Nazism are put forward as the epitome of anti-liberalism. Presenting Nazism as the invariant truth of anti-liberalism is a discursive strategy, implying that as soon as one succumbs to any form of state intervention, one inevitably slides toward a totalitarian, anti-liberal order. An example of this strategy can be found for instance in Hayek's *Road to Serfdom* (1994), where any form of government involvement is interpreted as a creeping totalitarianism. This setting in turn, provides the neoliberals with a near invincible intellectual context to advance their view, namely that the only function and basis of legitimacy of the state is to promote a free market. Nazism was thus important in two respects: it served as a specter of a mistaken kind of state intervention while secondly its demise opened the opportunity for a neoliberal solution. In this context, market can be seen to serve a double purpose. The market is namely simultaneously presented as a new foundation for the state and as limit to excessive state power: "the state under the supervision of the market rather than a market supervised by the state" (Foucault 2008, 116).

To read German neoliberalism against the background of the experience of Nazism also brings to the fore some important lessons about the political implications of neoliberalism. The first is to note that neoliberalism discursively thrives on delegitimizing the state by showing the latter to be some invariant anti-liberal monster. Rhetorically, neoliberalism seems to require the posing of a catastrophic anti-liberal scenario as a point of departure. The second is that neoliberalism offers an alternative course for legitimizing the state, in situations where the state because of wars, revolutions, regime changes or other crisis has lost

its natural legitimacy. Here we may find a theoretical backing of what could be generalized after Naomi Klein (2007) as the neoliberal shock doctrine. When political and other crises trigger a legitimacy crisis of the state, neoliberalism offers a new legitimation for the state, which is not based in the state itself but that require that the state puts itself under the supervision of the market. This may also help us understand the sudden turn toward neoliberalism in for instance post-Apartheid South Africa (viz. Peet 2002; Schneider 2003) or the neoliberal reconstruction of Iraq under occupation (Whyte 2007). Neoliberalism presents an alternative, economic theory of the state that can be very powerful when the normal legitimacy of the state appears weak or absent. Hence, one can also understand why neoliberalism appears suitable to situations of political integration, such as in the case of Europe, where the formation of a supranational state is legitimized by the construction of an internal market and without a direct recourse to further political integration (viz. Koveker 2006). Although many of these insights are still somewhat premature, we may nonetheless conclude that the market constructivism of German neoliberalism entails a radically new governmentality.

We have gotten a sense of how German neoliberalism with its constructive sense of the market has rearticulated the liberal governmentality. In contrast to the liberal idea of a natural market which is a limit to the state and is best left to its own devices, it claims that the state has an important role in strengthening the market and even stronger, that the state's legitimacy is derived from its market constructivism. Against the popular image of neoliberalism as more markets, and less state, German neoliberals could be summarized as advocating more markets through a strengthening of the state.⁵⁹ Running through these neoliberal precepts is a constructive view of the market. Let us see how that returns in the American context.

American Neoliberalism

To put German neoliberalism in contrast, Foucault juxtaposes it to what he calls American neoliberalism. Here, Foucault mostly refers to the work of Chicago School economists such as Simons, Schultz, Friedman, and Stigler, but especially Becker.⁶⁰ Just as with German neoliberalism, Foucault also reads their work as

⁵⁹ See Ptak (2009) for a particularly insightful account of the affinities in the history of ordoliberalism and various anti-democratic developments before and during the War. The ordoliberal positions were not necessarily incompatible with the emerging authoritarian forms of government.

⁶⁰ Caution should be applied when speaking in overly general terms about the Chicago School. As many have pointed out before, the Chicago School in Economics is far from uniform school of

articulating a new kind of liberalism. This American version of neoliberalism emerged in a context that is quite similar to that of German neoliberalism. Referring for instance to Henry Simons “A Positive Program for Laissez-Faire,” Foucault (2008, 216) shows that it expresses an aversion to Keynesianism, the Beveridge plan, and other interventionist policies, similar to that of the ordoliberals.⁶¹ Unlike in Germany and France, however Foucault also argues that because in the US there exists a much longer history of liberal skepticism towards the state, it is even more susceptible to neoliberalism.

Compared to its German predecessor however, American neoliberalism is much more radical in nature. According to Foucault, American neoliberalism is characterized by an “unlimited generalization” of the market form (243). His claim is that American neoliberalism turns the idea of the market into a general “grid of intelligibility” (243) beyond its ordinary economic context. It is therefore not only the sole frame of intelligibility for understanding economic phenomena, but also for non-market spheres of life. As frame of intelligibility, the function of the market is not just purely epistemological, in the sense of offering a means of understanding human action. The application of the neoliberal market grid namely also implies new ways of governing social relations. In a nutshell, Foucault’s analysis of American neoliberalism shows how it elevates the market into a universal grid of government.

Foucault first introduces these claims through an analysis of human capital theory. The analyses of human capital by for instance Schultz and Becker he argues, presents a transformation of the way one conceives of labor. For one, it shows how the Chicago theorists extended economic analysis to domains of social action hitherto not seen in economic terms. In classical economics, labor was primarily seen as a passive factor of production that was analyzed in units of labor time that were sold by workers. This however left the nature of labor and labor power itself outside the purview of economic analysis. The neoliberal innovation of the human capital theorists was to open the black box of labor and to subject it to economic analysis too. By reframing labor in terms of human capital, labor gets to be seen as the product of a form of capital that yields wages. The laborer is no longer a simple labor machine, but can decide to improve labor output by investing in human capital, for instance through education. The worker is thus no longer just

thought. It is useful to distinguish its earlier instantiations with Knight, next Friedman’s monetarist and libertarian approaches and the later rational choice approach of Becker and Posner for instance (viz. Van Horn, Mirowski, and Stapleford 2011). Here, Foucault primarily picks up on Becker’s analysis.

⁶¹ Foucault refers to Simons *Economic Policy for a Free Society* (1948).

engaged in the exchange of labor power, but is portrayed as an entrepreneur of his or her own labor. Human capital theory has thus transformed labor into a truly economic category and the laborer into a thoroughly economic subject. Foucault reads this as the return of new kind of *homo oeconomicus*, where the economic agent is not merely someone who engages in exchange, but rather is an entrepreneur. This neoliberal rearticulation of labor subsequently implies new ways of governing labor. It matters for policy for instance whether one views workers essentially as machines with an innately given set of powers and skills, or as entrepreneurs who shape their own lives.

The best way to illustrate the neoliberal rearticulation addressed by Foucault, is perhaps by referring to one of Gary Becker's classical statements in his introduction to *The Economic Approach to Human Behavior*:

I have come to the position that the economic approach is a comprehensive one that is applicable to all human behavior, be it behavior involving money prices or imputed shadow prices, repeated or infrequent decisions, large or minor decisions, emotional or mechanical ends, rich or poor persons, men or women, adults or children, brilliant or stupid persons, patients or therapists, businessmen or politicians, teachers or students. (1976, 8)

In a book that contains a collection of papers on various topics, ranging from discrimination, to democracy, crime, fertility and marriage, Becker emphatically propagates the market and the economic approach as a universal grid of intelligibility. The selection of topics moreover confirms that "the economic approach is clearly not restricted to material goods and wants, nor even the market sector." (6). Because of its unflinching application of the market as a universal grid of intelligibility, Becker's economic approach could hence be read as a telling example of the neoliberal mindset. This neoliberal mindset has moreover become ever more unrestricted and prominent given for instance the popularity of Levitt's approach in *Freakonomics* (Levitt and Dubner 2005) which again attempts to prove the hidden economics of everything, propagating the market as a universal frame of mind.

At this point one might wonder why Foucault's analysis of human capital theory or the extension of Becker's economic approach and its contemporary *Freakonomics* reincarnations should be qualified as neoliberal. The extension of the economic approach to other, non-economic areas of studies is well-known and is commonly referred to as economic imperialism, or economics imperialism (Fine and Milonakis 2009; Mäki 2009). How is Foucault's analysis different and to what extent is what he is describing, neoliberal? The first reason why it is neoliberal, I would argue, again has to do with the fact that it relies on a different conception of

the market. Just as we saw in the case of German neoliberalism, the American school also appears to depend on a constructivist view of the market. The way Becker namely “relentlessly and unflinchingly” extends the market logic to all areas of social life, amounts to a form of market constructivism. The application of a market grid to labor and human capital, but also to democracy, discrimination, the law, fertility, marriage, and altruism, is a way to reconstruct these areas of social life as markets. Areas of life that were previously not seen as such are now actively rewritten as markets and approached as such. In the hands of Becker the extension of the market is virtually unlimited. The market constructivism of American neoliberalism is therefore much more radical than its German version. It moreover entails a different kind of constructivism. Where the latter was primarily concerned with the active organization of the economy along the precepts of a competitive market, the American view radically reconstructs virtually every form of social action using the market grid of intelligibility. As opposed to the real or factual constructivism of the German school, the constructivism of the American school is primarily a kind of hypothetical or counterfactual constructivism. This counterfactual character is a rather logical consequence of the extension of the market beyond the scope of what counts as the real economy. The market constructivism of American neoliberalism is hence wider in scope but somewhat more virtual than the constructivism of the German neoliberals.

By pointing out how in American neoliberalism the market is made into a universal grid of intelligibility for understanding all spheres of social life, Foucault shows what sets neoliberalism apart from the modern liberal view. Yet, what is most important for Foucault is that the constructivist view of the market also entails a distinctively neoliberal vision of government or governmentality. Unlike those who have interpreted the economics imperialism of the work of Becker or Levitt mostly from an epistemological or methodological point of view (viz. Fine and Milonakis 2009), for Foucault the importance of this changed perspective on the market is not primarily epistemological but governmental.⁶² The importance is that the extended application of the frame of the market instantly suggests new ways in which the social world is governable and could or should be governed. If a worker is seen as an entrepreneur and a smoker, traffic participant, polluter, or

⁶² In his analysis of liberalism, Foucault applied a similar kind of reasoning. The epistemological revolutions within the field of political economy always also imply or are part of a shift in governmental reason. Just as liberalism depended on the emergence of a naturalist view of the market, neoliberalism depends on a similar epistemological invention, the constructivism of the universal market.

pregnant teenager as a rational economic actor, than governing becomes a matter of shifting supply, demand or other incentives.

These new ways of governing, Foucault argues, once more shifts the relation between the market and governmental action. Where in liberalism, the market presented a limit to what government can achieve, in neoliberalism the market becomes the very criterion for judging governmental action itself. The market is not the limit to governmental action, but a permanent test of governmental action. In the modern liberal governmentality, the market presented a truth to government. In neoliberalism, the market has become the truth of government. The market then, in neoliberalism, serves as a “permanent criticism” of government and governmental policy:

the economic grid is not applied in this case in order to understand social processes and make them intelligible; it involves anchoring and justifying a permanent political criticism of political and governmental action ... it involves criticism of the governmentality actually exercised which is not just a political or juridical criticism; it is a market criticism, the cynicism of a market criticism opposed to the action of public authorities. (Foucault 2008, 246)

Within neoliberalism then, the market and the tools of the economic approach function as a permanent critical test of governmental action. In this context, Foucault refers to the *American Enterprise Institute* as an example of an institution that does exactly this, using the market and the economic approach as a permanent means of criticism of government policy (247). To use Foucault’s words, in neoliberalism the liberal *laissez faire* with regard to the economy is replaced by a *do-not-laissez-faire* toward government.

To illustrate how the economic approach of Chicago offers both a new perspective on governing social behavior and a market criticism of government, Foucault discusses the theory of crime in the work of especially Becker, but also Ehrlich and Stigler. He argues that applying the economic approach to crime radically alters the perception of crime and the criminal. He shows how in doing so one arrives at a *homo oeconomicus* perspective on crime, which had already been anticipated by Bentham. This approach to crime differs dramatically from previous perspectives on crime that viewed the criminal first as *homo legalis*, then *homo penalis* and finally, *homo criminalis*.⁶³ Foucault refers to Becker who defines crime

⁶³ In a very brief history of crime, Foucault maintains that Bentham started conceiving of the criminal as a legal subject, a *homo legalis*, because the application of laws turned out to be the most economic way to deal with crime. The legal perspective on crime slowly gave way to a penal conception, in which the attention shifted from breaking the law to the punishment of criminal acts. The criminal became a *homo penalis*, a punishable subject and crime was defined by its punishment. Over the course of the 19th century attention shifted towards the causes and motives of crime. Together with an

as those actions in which one runs the risk of incurring punishment. Following the economic approach, crime is then explained as the outcome of an economic calculus in which the would-be criminal weighs the benefits of his actions against its costs. What distinguishes criminal acts from bonafide actions are then the cost associated with the risk of incurring punishment. A consequence of viewing crime in strictly economic terms is that it displaces the moral, legal and psychological aspects of crime. Crime is no longer a complex moral, legal or psychological act, but an economic activity comparable to purchasing ice-cream. As Foucault points out, serious crimes get the same status as traffic violations, economic offenses, and misdemeanors. It also implies a completely different rationale for punishing crimes. From an economic perspective, the main reason for punishment is to offset the negative consequences associated with criminal action. The economic problem of crime is that it produces negative external effects therewith making criminal acts socially inefficient. Crime constitutes a form of market failure. Criminal law is therefore only legitimate when it regulates so-called criminal behavior such that it no longer produces negative effects to society. This means according to Foucault that: “law enforcement is the set of instruments of action which, on the market for crime, opposes a negative demand to the supply of crime” (255). In the Chicago line of reasoning however, law enforcement itself should also be economical. The costs of the law enforcement system should therefore always be weighed against its social benefits. The ultimate question for government is then not what crimes could justifiably be punished and how severely, but to determine the socially optimal level of crime. Punishments moreover, if applied, should be efficient in that their social benefits offset their social cost. As a consequence, any measures to combat or govern crime in this view should take *homo oeconomicus* as its object of government, turning it into the “interface between government and the individual” (253).

The Chicago approach to crime may appear as an intellectual trinket. On closer inspection it is less innocent however, as it is illustrative of a radically new, neoliberal governmental vision on crime and criminality. First, by imposing the market as grid of intelligibility, it constructs crime in purely economic or market terms. It secondly introduces radically new modes of government, in which the market is both a criterion and a norm. The imposition of the economic frame of

increased interest in criminology, the *homo penalis* was slowly transformed into a *homo criminalis*, the criminal as subject of crime. The Chicago approach is exemplary of a development where one is no longer interested in the motives or causes of crime nor in its punishment or legal definition. By applying an economic frame of mind namely, the criminal is reduced to a rational agent, a *homo oeconomicus*, who weighs the benefits and costs of criminal action.

mind hence contributes to the creation of a new governmental reality. It erases and strips the criminal of any criminal qualities and instead presents *homo oeconomicus* as the subject of crime and the sole object of governmental regulation without any moral reproach or psychological inquiry. In policy circles, such an intellectual trinket may easily transform into a new governmentality.

To be sure, Foucault's highly prescient analysis of neoliberalism addresses some of the problems encountered in the popular narrative. We can take note of at least three of its important insights on the nature and history of neoliberalism. The first lesson is that by viewing neoliberalism as a distinct and new governmentality, it suggests a framework of explanation for understanding the interrelation between the various manifestations of neoliberalism. Neoliberalism is first and foremost a governmentality, not a set of policies, nor an ideology, neither is it an economic theory. Viewing neoliberalism as governmentality also brings to the fore that it does not need to have an identifiable center that is laid down in a manifesto, a set of principles, or theory. Rather it appears to operate as a governmental program or strategy. This explains how neoliberalism could become a doctrine that nobody owns. Its critics however recognized some returning patterns in the strategies that articulated this new governmentality.

The most important contribution of Foucault is that he offers an account of neoliberalism, which is clearly demarcated from classical liberalism. In doing so, it addresses one of the most pressing problems of the popular narrative. The distinguishing feature of the governmentality approach is that it poses the question of government through its relation to the economy. Neoliberalism can therefore also be seen as a novel articulation of the relation between the economy and government. From Foucault's analysis of both German and American neoliberalism, we inferred that the difference between neoliberalism and liberalism is to be attributed to their respective views of the market. As opposed to the naturalized view of liberalism, neoliberalism is characterized by a constructivist view of the market. The market is not just a natural entity, but is increasingly an imagined construct. This imagined or constructed market rather than the naturalized market is the new norm or principle for government in neoliberalism, setting it apart from liberalism.

The most dramatic consequence of the constructivist view of the market is its rearticulation of the liberal relation between the economy and government and the modern view it represented. The two are no longer perceived as neatly demarcated or separated but in neoliberalism they become entangled in new and myriad ways.

The most major modification is that the market ceases to be only the object or surface to which government is applied. Instead the market is internalized by government and is applied as a tactic of government. The market hence shifts from being an object of government to becoming an instrument of government. Where in liberalism the government used to regulate the market, in neoliberalism the market gets to regulate government and becomes the preferred means of regulation.

As they are no longer clearly demarcated, one could say that in neoliberalism then, the constructivist view of the market progressively deconstructs the modern opposition of market and government. This, I would claim, is the real stake and challenge of neoliberalism. With its progressive reliance on market constructivism, neoliberalism is upsetting the very categories that defined our modern understanding of politics and government. With the market no longer a natural category, it is elevated from an object of government into a principle and model of government. Therewith it becomes much harder to differentiate the realm of the market from that of government. Things are no longer what they seemed; government starts to resemble markets and markets become a form of government. Seen this way, neoliberalism is best conceived as a deconstruction of the modern opposition in liberalism.

We have also seen that from the early expressions in German neoliberalism to the more radical American ones, neoliberal market constructivism is also becoming more and more abstract. In the German frame of mind, government policy was legitimized because of its contribution to constituting the market. In its American form however, the market is extended into other social domains and hence introduced as a universal model for government. Where the German logic of neoliberalism still somewhat obeys the modern liberal conception of the relation between economy and government, this distinction gets lost in American neoliberalism. There is strictly speaking no longer a need for real markets as the object and foundation of neoliberal policies, as imagined markets have become the neoliberal norm. The market as internal limit, has settled itself more and more firmly inside in the governmental logic that is called neoliberalism. The movement from real markets, whether constructed or not, to imagined markets, is further accompanied by a shift in the meaning of 'the market.' As Foucault noted with regard to the transformations in German neoliberalism, the meaning of the market shifted away from notions of exchange to signify competition or entrepreneurship. The re-imagining of markets is only stronger in the abstract constructivism of the American school. Thus not only do imagined markets become the norm for

government in neoliberalism, the way markets are imagined is also changing. The transition from liberalism to neoliberalism thus involves the joint denaturalization, and decentering or de-essentialization of the notion of the market. Neoliberalism denaturalizes the market because the market is no longer strictly viewed as a natural or nature-like entity. In doing so, it also decenters the notion of the market because absent a natural core, it is no longer predetermined what is meant by the market or what it stands for.

A third way in which Foucault contributes to addressing the problems of the popular narrative is his account of the intellectual history of neoliberalism. On the face of it, Foucault appears to reiterate the popular narrative that runs from Freiburg to Chicago, by way of the Mont Pèlerin Society. On closer inspection however his ideas appear to diverge considerably. Although Foucault is probably partly responsible for drawing out the ordoliberal connection he does not present the intellectual history of neoliberalism as one long march. He largely sidesteps the too obvious biographical connections between Freiburg and Chicago but rather approaches them as distinct expressions of a similar governmental program. Although he points out that the two schools share a neoliberal penchant for market constructivism, his account could also be read as emphasizing the discontinuity between the two. For Foucault, neoliberalism is not a coherent political philosophy or ideology but just as he showed with liberalism, the expression of a distinct governmentality, a fundamental attitude towards the question of government. The German and American schools can each in their own way, be seen as novel articulations of the economic and the political.

A second twist to the popular history is perhaps even more interesting. Although he is mentioned in passing, Foucault does not at all identify the neoliberalism of the American or Chicago School with Friedman. Instead of focusing on Friedman, the standard stooge in the popular narrative, Foucault's attention goes to Becker and the later Chicago School. Friedman is anyways somewhat difficult to classify in line with Foucault's typology of liberalism and neoliberalism. He namely seems more of a classical or economic liberal than a neoliberal, and appears in any case more akin to the realist market constructivism of the German school than the imagined market constructivism of the later Chicago School.⁶⁴ If one is interested in determining the defining features of a neoliberal

⁶⁴ This with the exception of Friedman's macro-economics, notably his anti-Keynesianism and of course monetarism. Although it has become common to equate neoliberalism with monetarism and anti-keynesianism, it is not very distinctive to define neoliberalism in these terms. Why would one use neoliberalism, while one could just refer to monetarism?

governmentality however, these are much more prominent in the market constructivism that one can find in the work of first Stigler, but especially Becker and Posner. Drawing on the analysis of Foucault, it could be argued that Becker has been just as important if not more important than Friedman for the development of the neoliberal governmentality. While no one disputes that Friedman was obviously important as a public philosopher of neoliberal ideological positions, the social imperialism of the economic approach of Becker, and others like Stigler, Posner and the public choice theory that ensued, have doubtlessly been crucial for the development of a neoliberal governmentality.

As part of his discussion of American neoliberalism, Foucault also amends the popular narrative with regards to the role of the discipline of economics in the articulation of neoliberalism. Neoliberalism has sometimes been presented as an economic ideology or even the ideology of economics (Fullbrook 2006). This presentation suggests that neoliberal policy recommendations follow unequivocally from the discipline of economics. Foucault however nuances the role of economic knowledge and the discipline of economics in the articulation of neoliberalism. Foucault does not dispute the fact that economic knowledge has been pivotal in articulating both the liberal and neoliberal governmentality. When first introducing the idea of governmentality, he already defines it as:

the ensemble formed by institutions, procedures, analyses and reflections, calculations, and tactics that allow the exercise of this very specific, albeit very complex, power that has the population as its principal target, political economy as its major form of knowledge, and apparatuses of security as its essential technical instrument. (2007, 108)

The place of political economy is however not that of an advisor that offers policy prescription and contributes to making government scientific. As we saw in chapter 1, Foucault further elaborates the role of economics and knowledge discourses by claiming that they are ‘lateral’ to government and the art of government. Economics is not the science of government, in that it offers the knowledge required for governing. Rather economic knowledge is offered alongside or lateral to government because it does not formulate the rationality of government, but only critiques and reflections on the limits of government. This way Foucault challenges the standard perception of the role of economics for government. Foucault claims that it is perhaps a mistake to expect from the science of economics to prescribe policies; an unrealistic expectation that was in part created within economics itself. In Foucault’s view, the science of economics offers namely merely a matrix for devising policies and for criticizing them. Economics can nevertheless never propose ways of governing directly. With the

idea of the market as a site of truth or “veridiction” for government, economics can at the same time tell how best to regulate certain issues, but also how to criticize existing regulation.⁶⁵ Ultimately however, the market must be let free, even when regulated. The market is thus an internal criterion of government, which presents government with a limit and permanent criticism. The knowledge of economics can hence never direct govern but only be lateral to government. With the rise of neoliberalism moreover and the heightened importance of the market for government, the laterality of economic knowledge has only increased. It is only in this lateral sense that one may claim that neoliberalism is an economic doctrine, that neoliberalism is the ideology of economics or that economics has contributed to the rise of neoliberalism. It would be too much of a stretch to claim that economics invented neoliberalism, but it is not an overstatement to maintain that it presented many of the conceptual tools that enabled its rise. As Foucault indicated however, many other knowledge discourses including those produced by important think tanks such as the American Enterprise Institute or the Brookings Institutions, may very well have performed a similar function.

Speaking about neoliberalism in his lectures of 1979, Foucault was well ahead of his times. Unlike today when there is a definite ring to the term neoliberalism, Foucault presented a series of incisive insights into this new governmentality at a time when it was still a nascent new perspective on government. It is perhaps for that reason that in the absence of neoliberal practices and the many neoliberal experiments that were to follow, that Foucault ends his lectures on governmentality somewhat inconclusively. After seven lectures in which he spells out the contours of the neoliberal governmentality, Foucault returns to the question of liberal government, leaving the political implications of neoliberalism largely unexplored. While Foucault ends his 1979 lecture struggling to bring a synthesis to the governmentality of liberalism by going back to the concept of civil society, he is left out of breath or it is still too early to determine the political implications of the neoliberal re-articulations of the liberal governmentality. In the conclusion, I will briefly draw attention to what, I think, is an important political implication that follows from Foucault’s work on neoliberalism.

⁶⁵ This perhaps explains the often frustrating slickness of economic advice. At moments of crisis or confusion, economists often are the first to pedantically offer their advice while they are also always the first to explain why a certain piece of failed policy could not have worked.

How to Do Things with Markets: The Discursive Politics of Neoliberalism

Foucault has directed our attention to the centrality of the constructivist nature of the market within neoliberalism. He has shown that the constructivist market was essential for articulating a neoliberal governmentality. To conclude this chapter I want to take the liberty to further generalize Foucault's insights and present a more general theory of the distinctive politics of neoliberalism. I want to argue that Foucault's analysis shows that neoliberalism essentially amounts to a discursive politics of the market. With the notion of discursive politics I refer to a form of politics that is waged at the level of discourse and is therefore fundamentally discursive in nature. In a discursive politics, politics is conducted by means of discursive interventions that rearticulate an existing discursive organization with the effect of creating a new political reality. In his analysis of Becker's theory of crime, Foucault has shown for instance, how the application of the economic approach has discursively rearticulated our understanding of crime and especially the way it could be governed. In the case of German neoliberalism, the figure of the market was used to reconstruct the way the state was conceived and legitimated. In both cases, the market acted as an imaginative figure for reconstructing an existing governmentality. Neoliberalism is essentially a discursive political program that hinges on the idea of the market as the critical figure for realignment.

The idea of a discursive politics is best understood from a post-structural perspective on discourse and politics. For quite some time now, there has been an increased interest in the role language and discourse in politics (Connolly 1993; Shapiro 1981). Inspired by Foucault and Derrida, but with influences of Gramsci and Lacanian psycho-analysis, a growing field of post-structural discourse theory has emerged which has devoted itself to political analysis (notably Butler, Laclau and Mouffe, Žižek).⁶⁶ The post-structural approach to discourse and politics can be briefly characterized using the following five principles. First, it is claimed that statements and actions only have meaning within discourse. Discourse is then a general term to refer to the semi-structured organization of language and institutional practices. For Foucault (1972) for instance, a discursive formation is a system of dispersal that presents the conditions of possibility, which govern what can be meaningfully said or done. Second, the view that meaning only exists within discourse implies that discourse is viewed as being non-representational. Another way of saying this is that there is no distinction between the discursive

⁶⁶ For an overview, see for instance Howarth, Norval, and Stavrakakis (2000) or Torfing (1999)

and the non-discursive and that meaning is not derived from non-discursive practices.⁶⁷ This is to contradict the idea that discourse is merely an ideational or linguistic superstructure about an otherwise real world which has meaning of its own. Third, the organization of discourse is as a consequence essentially contingent. If meaning emerges from the organization of discourse and has no external referent, than any structure of meaning is effectively arbitrary. Without an external fixation moreover, this contingent structure of discourse is also inherently unstable and always runs the risk of being destabilized and undermined. Meaning is only arbitrarily fixed and hence always subject to change. Fourth, the emergence of one particular ordering of discourse and meaning rather than another thus are the expression of power. Because it comes at the expense of other possible modes of organization, the prevailing organization of discourse is thus inherently political. Laclau and Mouffe for instance refer to this phenomenon in terms of hegemony, in the sense that a certain discursive formation hegemonizes the field of discursivity. Fifth finally, the most pervasive form of political action then consists of the rearticulation or reorganization of a particular discursive formation. By means of a rearticulation of discourse, the way the world is viewed and understood is changed and a new political reality is created. My term discursive politics then refers to those political interventions that by rearticulating the organization of discourse, manage to affect an existing political order. A discursive politics is therefore not a kind of politics that simply formulates demands or proposes interventions in the world but it rather operates at a much more fundamental political level that constitutes how we understand our world.

Seen from a post-structuralist discourse theory point of view then, how are we to conceive of neoliberalism? What does it mean to say that neoliberalism is a discursive politics of the market? How are we to outline the general features of neoliberalism as a discursive politics of the market? My way of approaching the discursive politics of neoliberalism is to view it as a performative politics of the market metaphor. Neoliberalism is a discursive strategy that operates through the metaphorization of the market. Metaphor, as a general catchword for a range of

⁶⁷ The claim that there is no distinction between the discursive and the non-discursive is generally met with great skepticism and philosophical bickering. It is often explained to mean that post-structuralists deny the existence of an external world or that they preach relativism. As many of its proponents, I take the post-structuralist position to be much more modest. To say that meaning only exists in discourse does for instance not preclude the existence of an external world, but merely claims that the external world only acquires its meaning within discourse. Post-structuralists are committed to a much more moderate claim namely that what the external world cannot do is confer meaning to itself. Post-structuralists also sometimes bang their heads against hard objects but have only recourse to discursive means to say 'ouch.'

rhetorical devices including metonymy, simile, catachresis and synecdoche is namely the motor of discourse. Laclau and Mouffe (2001, 110) for instance point out that while figurative language is normally seen as derivative of the real thing, it is rather the figurative that is important in the (re)constitution of a discursive reality. Only because we can metaphorically connect markets with elements such as health-care, children, or crime, that previously had no literal connection to it, can they begin to be reconstituted as such. These metaphorical extensions of the market are moreover performative in the sense that they are not neutral expressions of an underlying reality, but rather also do something. Playing on the title of Austin's famous book, neoliberalism then is the art of doing things with markets.

The discursive power of the market and market metaphor has of course not gone unnoticed. It was first addressed within the rhetoric of economics program pioneered by McCloskey and Klammer (e.g. Klammer 1984; Klammer and Leonard 1994; McCloskey 1983, 1985). They drew our attention to the fact that economics is rhetorical and that economic concepts such as the market are often used metaphorically. Klammer and Leonard (1994) for instance argue following Nietzsche that all thought including economics is inherently metaphorical. Referring to the example of the labor market and how difficult it is to imagine what a literal labor market would look like, they show that within economics the market is always already in some sense a metaphor. Like Foucault, they cite the example of human capital, itself a formidable metaphor, to argue that economic theory develops by means of metaphors. They also point at Friedman's (1953) classic statement about methodology to argue that his emphasis on the role of as-if reasoning actually underscores the metaphorical nature of economic knowledge and at the same time contradicts his views on the positivist nature of economic knowledge. Within the rhetoric of economics program then, the consequences of the rhetorical nature of economics however have mostly been analyzed in methodological terms, for instance by studying the cognitive function of metaphors. Besides a few exceptions (e.g. Cordes, Klammer, and Leonard 1993) there has been surprisingly little attention for the political consequences and uses of the metaphorical nature of economic thought.

In this respect, something could be gained from a distinction made by the moral and legal philosopher Margaret Radin (1996). Interested in the question what goods could properly be bought and sold on the market, she introduces a distinction between literal markets and what she calls metaphorical markets or market rhetoric. She notices how we sometimes speak of some goods or social situations as if they were market goods, but that these goods are not actually traded

for money. Her distinction is clearly provoked by the work of Becker and the law and economics paradigm of Posner. In their work Radin perceives an unlimited drive to extend the market to virtually all domains social life, which she reads as a form of universal commodification. According to Radin, “neoclassical economic theorists, especially those of the Chicago School, elide literal and metaphorical markets” and thus make universal commodification seem natural. In her book, Radin defends the idea of incomplete commodification as a way to counter the tendency towards universal commodification without having to revert to universal decommodification as implied in the compartmentalized views of Walzer (1983) and Anderson (1993). Although this is not the place to go into her moral arguments, for our purposes it is interesting to notice that the extension of the market as highlighted by Radin always appears to be mediated by metaphorical markets. For that reason her moral argument is just as concerned with metaphorical markets as with literal markets. She moreover makes clear that market rhetoric need not always succeed in its attempt to hegemonize our understanding of the world, which to her presents one possible way to conceive of incomplete commodification. There always remains a possibility that the metaphorical and literal market do not elide. Radin’s theory underlines the importance of metaphorical markets for social and political thought. Although her contribution is not at all meant as such, her sensitivity to the play between literal and metaphorical markets, could actually be read as trying to grapple with the ethics of the market in an age of neoliberalism.

A similar distinction between literal and metaphorical markets is introduced by Frederic Jameson in a chapter called ‘Postmodernism and the Market’ in his *Postmodernism, or, The Cultural Logic of Late Capitalism* (1991). Although neoliberalism is only mentioned in passing, Jameson shows how it essentially constitutes a postmodern political project. Referring to Stuart Hall, Jameson states that neoliberalism amounts to a discursive struggle over the legitimacy of the market (264). Jameson analyzes that discursive struggle by making a distinction between the market as institutional practice and the market as idea or ideologeme.⁶⁸ The market ideologeme is moreover a stylized or imagined

⁶⁸ Jameson borrows a technique from linguistics that uses typographical markers to distinguish between the word /market/ and the concept <<market>> to illustrate what happens in ideological analysis when one distinguishes the market as institutional reality from the market as ideologeme or ideological concept. As an additional insight Jameson shows, that the <<market>> as ideologeme also always necessarily involves some kind of stylized or imagined representation of the real thing. It for instance imagines the market as a site of perfect competition or freedom of choice, features which the real markets they supposedly represent, actually most of the time tend to lack.

representation of the institutional practices of the market. Neoliberalism then consists of a postmodern transcoding of contemporary discourse using the market image. Jameson also turns to Gary Becker and shows how his work on the family is an example of a postmodern transcoding of the family as a market. As a postmodernist, Jameson has no real difficulties with Becker's postmodern way of transcoding. In fact he reproaches Becker for not being sufficiently postmodernist and falling prey to a modernist desire to in the end render his analysis literal again. For Jameson the neoliberal transcoding is not a celebration of the market, but actually redirects our attention to the historical and political stakes behind the essentialist defenses of the market. In his analysis, the attraction of the market concept is "its capacity to afford a model of a social totality" (272). As such, for Jameson the market represents a "Leviathan in sheep's clothing" (273). The market imagery does not express a desire for freedom, but rather signifies discipline as a response to an anxiety of a war of all against all that would ensue when people were to be left free.⁶⁹ Although it is not directly presented in these terms, Jameson in this text has in fact analyzed neoliberalism as a politics of the market metaphor.

With some of these pointers at hand, we are in a better position to see how some analysts of neoliberalism have been struggling with the centrality of the market metaphor. In a popular definition published on the Internet, Paul Treanor argues that neoliberalism does something radically new with the idea of the market:

Neoliberalism is a philosophy in which the existence and operation of a market are valued in themselves, separately from any previous relationship with the production of goods and services, and without any attempt to justify them in terms of their effect on the production of goods and services; and where the operation of a market or market-like structure is seen as an ethic in itself, capable of acting as a guide for all human action, and substituting for all previously existing ethical beliefs.⁷⁰

By highlighting that the market or a "market-like structure" is "valued in itself" and is "an ethic in itself," Treanor tries to convey that neoliberalism depends on a generalized image of the market. By emphasizing moreover that in neoliberalism the market has been abstracted from its economic context and turned into a general norm, he in fact states that in neoliberalism the market is turned into a metaphor

⁶⁹ Jameson's claim that the market imagery can be construed as discipline rather than freedom, is highly representative of the market discourse used by some conservative think tanks in the US. The discourse of the American Enterprise Institute for instance, draws heavily on this connotation of the market.

⁷⁰ Paul Treanor, 2005, *Neoliberalism: Origin, Theory, Definition*, <http://web.inter.nl.net/users/Paul.Treanor/neoliberalism.html>, last accessed: March 25, 2010.

for governing human action. A similar reference to how neoliberalism turns the market into a metaphor, can be found with the economic sociologist Mudge:

Neoliberalism is distinctive with respect to other liberalisms in its drive to break the ‘market’ loose in conceptual terms and elevate it to a level *above* politics – that is, to free it from political interventions of any kind. (2008, 715)

The use of scare quotes and to speak of a conceptual break, again suggests that neoliberalism is the market metaphor at work. Two sentences later Mudge furthermore uses the vocabulary of embeddedness and claims that neoliberalism entails a “rejection of the market’s embeddedness.” According to Mudge, in neoliberalism the market is disembedded from politics. Harvey (2005) uses similar imagery of a disembedded market, to point out that neoliberalism marks a departure from what was known as “embedded liberalism.”⁷¹ In Harvey’s view then, “the neoliberal project is to disembed capital from these constraints” (11). Both Mudge and Harvey thus emphasize the disembedding of the market from politics or its political constraints. Although, the idea of a market disembedded from politics is attractive, it is potentially misleading. What Mudge and too some extent Harvey are describing namely is not so much a disembedding of the market from politics, but rather from what is normally called ‘the economy.’ Above anything, neoliberalism represents a metaphorical disembedding of the market from the economy, which is subsequently elevated into a metaphor for politics.⁷² When understood as metaphorical play then, we get a better grip of how and what things neoliberalism does with the market. Neoliberalism is a politics of ‘the market,’ the scare quotes signaling that it is a politics of the market metaphor. Even though it may have never been explicitly theorized as such, the centrality of the metaphorical market in neoliberalism did of course not go unnoticed. Over time a number of overcoded terms emerged to signify the market politics of neoliberalism. Neoliberalism has alternatively been referred to as “market fundamentalism,” “market religion,” “market ideology,” and “market liberalism” to name a few. All these overdetermined terms are ways to characterize how neoliberalism does things with markets.

⁷¹ Embedded liberalism is a term devised by Ruggie (1982) to express the idea that since WWII the economy had always embedded in a set of social and political constraints, which were generally conducive to stable growth. Neoliberalism in this literature is then seen as a disembedding of economic activity from social and political constraint and the unleashing of capital.

⁷² To describe neoliberalism as the disembedding of the market from the economy, rather than from politics also fits much better with some of their own views on the political nature of neoliberalism. With the market metaphor, neoliberalism does not relinquish the market from politics, but rather rearticulates the relation between the two.

An interesting example of the discursive politics of the market metaphor, can be found in Nicolas Jabko's *Playing the Market* (2006). While neither about neoliberalism nor discursive politics, but about European Integration, this book nonetheless offers a highly innovative account of the discursive politics of the market. Jabko's main argument is that European integration was fuelled by what he calls "the politics of market ideas." He shows how at various stages of the integration project, those partial to an integrationist agenda, notably the European Commission were able to further European integration and the construction of the European Union by strategically using the idea of the market. The idea of the market enabled the bringing together of a variety of parties with various interests and concerns. Jabko shows how the idea of the market serves as a powerful "repertoire of ideas" that can be invoked in many different situations, appeal to a variety of parties, and is open-ended enough to allow for sufficient coordination between conflicting interests. Jabko documents how in the contexts of financial liberalization, the energy market, structural policy, and economic and monetary union for instance, the idea of market was successively put forward as constraint, norm, space, and talisman and as such enabled integration. In Jabko's view then, European integration was built by exploiting the "multiplicity of market ideas" and because "the market is a pervasive yet malleable institution that encapsulates many ideas" (34).

Jabko's politics of market ideas illustrates many of the features of neoliberalism discussed above. The first is that in Jabko's analysis which for instance emphasizes that the market is a repertoire of ideas, the market was elevated from a direct economic context and metaphorized. Although the market still by and large functioned as an economic idea - the actors were after all engaged in the construction of an integrated European market - the discussion about the market was detached from actual markets and instead took place in generalized and metaphorical terms. The second is to recognize that what Jabko tries to capture is the discursive politics of a metaphorized market. The various parties were engaged in a discursive battle over whether and how to construct a common market. Construing the market as either constraint or norm enabled the articulation of particular political stakes at the expense of others. The real battle as portrayed by Jabko, was not fought over questions of policy but was a discursive battle over the meaning of the market for Europe. If anything, Jabko shows the reader, that throughout the integration process, the European Commission excellently knew how to do things with markets. Jabko's analysis finally also shows that unlike conventional wisdom, the disembedding of the market in neoliberalism is far from

a simple liberation of the market from politics. In fact, as the central figure of its discursive politics of neoliberalism, the market has undergone a new and profound process of politicization.

Conclusion

Neoliberalism has become an important catch-phrase in our times. Despite its growing popularity however, it appears difficult to come by a convincing definition of neoliberalism. I started this chapter by pointing out how neoliberalism eludes our grasp and defies easy definition. In the media, on the internet, and among academics a standard narrative about neoliberalism has emerged. In that narrative, neoliberalism is typically described as a set of policies or an ideology that advocates more markets, and less state. This standard account of neoliberalism is however unsatisfactory. Regarding the standard narrative, four aspects were identified that have contributed to the elusiveness of neoliberalism. First, it was observed that neoliberalism is used asymmetrically, namely only by its detractors. Neoliberalism seems to be a political doctrine that nobody appears to own. Secondly, in the standard narrative neoliberalism has acquired a problematic intellectual history that in part obfuscates its actual intellectual roots. The standard references to Hayek and Friedman for instance create a sense of intellectual unity that on closer inspection appears fraught with ambiguity. Third, the standard narrative ascribes an important role to atypical political organizations such as think tanks, which suggests that neoliberalism was concocted behind our backs. Fourth and most importantly, it was pointed out that when reduced to the slogan of more markets – less state, it is hard to differentiate neoliberalism from classical definitions of liberalism. How is neoliberalism different from old-fashioned liberalism that its critics required a new term? And why were Hayek and Friedman slated to become the intellectual fathers of neoliberalism and why is there a ubiquitous need to single out the role of think tanks in its dissemination? Notwithstanding the many insights offered in the standard narrative, neoliberalism still remains elusive. And the popular conception of neoliberalism in terms of more markets – less state is inadequate and too simplistic. There is something peculiar to neoliberalism that renders it elusive and which continues to confound its analysts.

Using Foucault, it was argued that the novelty of neoliberalism should be seen in light of its distinctive governmentality. Neoliberalism represents a novel art of government. The contemporary, neoliberal version of our governmentality is distinguished by its radical departure from a hitherto common liberal understanding of the relation between markets and government. Foucault shows

how, contrary to the naturalism that was characteristic of liberalism, the neoliberal governmentality is characterized by an anti-naturalistic and *constructivist* view of the market. With this constructivist view of the market, neoliberalism is rearticulating our existing liberal governmentality. With the constructivist view, the market is in neoliberalism extended beyond the conventional domain of the economy. The most important implication is that the market switches from being merely an object of government to becoming a mode of government. In neoliberalism, government is no longer just governing the market, but markets govern our modes of government. It was argued that this entails that in neoliberalism the standard, liberal opposition between markets and government is in fact deconstructed. The main difficulty with neoliberalism then, as I see it, is that although it plays with the modern, liberal categories, it continuously rearticulates and reassembles our governmentality using these categories.⁷³ My hypothesis is moreover that the deconstructive nature of neoliberalism is the main reason why it tends to elude our grasp.

To better grasp the political nature of neoliberalism, I suggested approaching neoliberalism as a discursive type of politics or as a discursive political project. To most effectively convey the unique nature of neoliberalism, I have been describing it as the performative politics of the market metaphor. Neoliberal governmentality is articulated by means of the creative employment of the market metaphor. The market is detached from its fixed economic underpinnings and metaphorized. As a metaphor, the market is subsequently projected in many different directions, displacing the way the world is perceived and ought to be governed. One way to unite the diverse set of policies and practices that have been identified as neoliberal, can be brought back to how they all play on the market metaphor. Viewing neoliberalism as a discursive project is the only way to bring the unique nature of its governmentality to the fore. It is often objected however that by claiming that neoliberalism is a discursive project one supposedly disregards the importance of all sorts of practices and arrangements within

⁷³ My claim that neoliberalism constitutes a governmentality that deconstructs the modern, liberal opposition of markets and government, could be read as suggesting that the modern liberal governmentality does not involve any deconstruction. Although this is not the place to argue the point, one of the basic ideas within poststructuralism is that deconstruction is always already happening (although I have heard Derrida once say that nature is not susceptible to deconstruction). The liberal governmentality is also a deconstruction of sorts. From Foucault it could be inferred that it is a deconstruction of sovereign conception of political power. While I argue that neoliberalism deconstructs the liberal conception of the relation between the market and government and as such departs from liberalism, it could also be argued that while this relation has always been very stable within liberalism, it may already have been subject to deconstruction within liberalism.

neoliberalism or the real consequences of neoliberalism. To claim the centrality of the market metaphor in neoliberalism should not be interpreted as a being facile and inconsequential. Appreciating how the policies and practices of neoliberalism are part and parcel of a discursive market politics, instead enables one to assess their impact and meaning as part of a larger scheme.

The reconceptualization of neoliberalism as a discursive politics of the market metaphor makes clear why a definition in terms of more markets and less state may be too simplistic and potentially misleading. First of all, such a depiction remains too much wedded to a liberal conception of the relation between markets and government and thus understates the radically different nature of the neoliberal mindset. It tends to understate the many ways in which neoliberalism departs from liberalism. Secondly, neoliberalism may indeed be unmistakably about more markets, but if anything they are at the outset metaphorical markets. Besides, neoliberalism is conversely not unequivocally about less government. Neoliberalism is an art of government that propagates modes of government, which take the idea of the market as a defining principle. Instead of less government, neoliberalism is about radically altered states of government. If one had to capture neoliberalism by a slogan, it would rather have to be: government is how to do things with markets.

It is my impression that underestimating the discursive nature of neoliberalism and its undoing of liberalism, has been the primary reason why neoliberalism has proven so elusive. If one fails to recognize the discursive qualities of neoliberalism, it is virtually impossible to meaningfully extricate neoliberalism from classical ideas about liberalism. One needs to recognize how the metaphorized market is instrumental for differentiating neoliberalism from liberalism. Conceiving of neoliberalism as a discursive politics also compels one to a complete rewriting of the intellectual history of neoliberalism. With Foucault providing some of the first steps in this direction, one would have to reconsider the roles of Hayek and Friedman, and for instance bring in the Chile connections as well as shift the attention to Becker. The role of economics may have been formidable in articulating neoliberalism, but in a much more lateral way than is commonly perceived, for instance by being a fertile ground for the market metaphor. Where the discursive character of neoliberalism really supplements the standard narrative is in how it offers an explanation for the other two elements that made it elusive. Because neoliberalism is at its core a discursive project, it makes for instance sense that there is so much attention for think tanks and the Mont Pèlerin Society in the standard narrative. Neoliberalism depends critically on a

whole range of discursive agents that rearticulate our governmentality and know how to wield the market metaphor. The neoliberal revolution was achieved by discursive means. Our governmentality was not colonized by force, money or power but rather appears to have been hegemonized by the market metaphor. The reason why neoliberalism is apparently only owned by its detractors, is also a consequence of its discursive nature. Those advancing neoliberalism had obviously no need for a label while working their ways with the market metaphor. It was only useful for its detractors who started witnessing the effects of what took place and gave it a name. It provided a first opportunity to identify the discursive practices lurking behind it.

In arguing for viewing neoliberalism as a discursive market politics, I have not so much tried to disprove the standard narrative, but to offer an alternative account that renders it more tractable and provides it with a more distinct meaning. If one acknowledges nevertheless that neoliberalism firstly entails a discursive politics that deconstructs our liberal governmentality, one will be able to start assessing its scope and reach and begin imagining political alternatives. The next two chapters will look in more detail at the discursive market politics of a variety of think tanks and policy institutes in the US and the Netherlands as a first attempt to gauge the various ways in which the neoliberal politics of the market rearticulates our governmentalities.

Chapter Four

The Discursive Market Politics of U.S. Policy Think Tanks

Introduction

Policy think tanks have always occupied a special place in the popular narrative around neoliberalism and its alleged rise to global hegemony. The prevalent view is that the ideas of neoliberalism were forged and spread around the globe by a highly mobile army of international organizations, NGO's, and independent policy institutions. No text on neoliberalism, whether academic or popular, fails to register the intermediary role of policy think tanks. The Mont Pèlerin Society with Hayek and Friedman as its illustrious members is in this regard often portrayed as the quintessential forerunner of the modern-day neoliberal policy think tank. US think tanks – and to a lesser extent their U.K. counterparts – are typically pointed at as important actors for the dissemination of neoliberalism. Think tanks have hence been credited with spreading and disseminating market-based policies, for instance by legitimating the privatization agenda (Stone 1996), by nurturing an economic counter-revolution (Cockett 1995), by bringing the market back onto the political agenda (Kelley 1997), by strengthening the cultural hegemony of neoliberalism (George 1997), by promoting the rise of free-market economics (Backhouse 2005), or by feeding a conservative pro-market agenda (Smith 1991b). Most authors point out that policy think tanks hardly did so single-handedly, but operated within a larger network of interlocking actors, including universities, business interests, the media, political parties, national and international governmental and non-governmental organizations (Backhouse 2005; Plehwe and Walpen 2005; Mirowski 2006). Operating at the intersections of government, academia, and corporate interests, policy think tanks are ideally seen as strategic actors within a larger advocacy network.

What explains the ample attention for policy think tanks in the spread of neoliberalism? Why is so much credit given to a sector that although salient, remains small in absolute terms? As the study *One Billion for Ideas* (Callahan 1999) has it, the sector has a turnover of more than one billion dollars. This may be impressive when compared to for instance campaign donations, it is nonetheless little when compared to US gross domestic product. Whence the appeal of think

tanks? Is it a conspiratorial sentiment to believe that neoliberalism has been concocted behind our backs? While there may be some truth to such a view, the preceding chapter proposed that a more likely reason for why think tanks have been singled out in the history of neoliberalism is the discursive function they perform. If neoliberalism, as I posited, is a discursive politics then it makes sense that policy think tanks perform an important discursive function in its propagation. Think tanks are indeed typically seen as “idea brokers” (e.g. Smith 1991b) or “dealers in ideas” (e.g. Stone 1996), and their daily business is to sell their insights on the “marketplace of ideas.” As independent policy institutes moreover, they are important intermediaries because they function as a bridge between universities and other knowledge institutions, the political domain, and political interests (Abelson 2002; Stone 1996). Given their role and place in the political system then, think tanks are seen as influential disseminators of political ideas and they form an ideal site to study the discursive politics of neoliberalism.

Neoliberalism, it was suggested in the previous chapter, does things with markets. To find out exactly what, this chapter examines how think tanks do things with markets. It aims to get a grip on the discursive politics of neoliberalism by charting some of the discursive strategies employed by policy think tanks. How do think tanks articulate neoliberal policy solutions and how do they mobilize the notion of the market to reformulate the relation between the market and the state? Moreover, what view of government is articulated in their discourse about the market? This chapter visits the market discourse of four of the most prominent US think tanks: the Brookings Institution (Brookings), the American Enterprise Institute (AEI), the Cato Institute (Cato), and the Heritage Foundation (Heritage). The purpose of the analysis is to get a firmer grasp of the discursive politics of neoliberalism and to get a sense of its diversity. It is not aimed at offering a representative overview of think tank discourse, if that were possible at all, or to establish its impact. By analyzing a small number of their publications, I offer a detailed look at their discursive market politics. We will find out that even though think tank discourse is on the whole unmistakably neoliberal, it is far from uniformly so and there are significant differences in the political projects that are being articulated. This finding will be further highlighted when in the next chapter it is contrasted with the market discourse of advisory councils in the Netherlands.

Making Ideas Matter: A Normalizing Market Discourse

It is not easy to define independent policy research institutes and it is even harder to say what these so-called think tanks actually do. They are typically seen as

intermediaries between the realms of academic knowledge and the political which leads them to be depicted as idea brokers (Smith 1991b) or second-hand dealers of ideas (Stone 1996).⁷⁴ Where think tanks historically reflected the ethos of a philosopher king in pursuit of pure political reason, more recently they increasingly view themselves as policy entrepreneurs operating in a marketplace of ideas. A number of theoretical perspectives have been developed to account for think tank activity ranging from pluralist democratic theories and Marxian inspired elite-theories to institutional analyses. Each one of these accounts claims a different understanding of how their knowledge discourses relate to the realm of political power (Abelson 2002; Stone 1996; Weiss 1992). Invariably, the central issue is the impact of think tanks on the political process but this influence is hard to determine. Since the activities of think tanks are so diverse and political processes so murky, it is quite impossible to trace the influence of one think tank on particular political decisions. Even a comprehensive survey of the impact of think tanks (e.g. Rich 2004) imparts the impression that while think tanks are clearly a factor of importance, outstanding research, money, and social ties alone cannot easily sway political decision making. Besides, many have pointed out that the impact of think tanks is more likely found early in the policy process during the stages of agenda setting, problem definition, and the identification of policy opportunities to pursue (Abelson 2002; Rich 2004; Stone 1996).

The question of impact points to a deeper problem in conceptualizing the activities of think tanks. Not only does this assumption tend to idealize the split between knowledge and political power,⁷⁵ it moreover exclusively concentrates on social scientific determinants in explaining the translation of ideas into policies. In doing so, one overlooks what these think tanks say, write, and produce on a daily basis. While all think tanks abide by the adage that “ideas matter” (Weaver 1948), it is telling that none of the studies in political science actually examine the ideas they churn out in their books, reports, memos, Op-Ed pieces, testimonies and

⁷⁴ Here Stone has borrowed Hayek’s characterization of the intellectual. Hayek introduces this term in *The Intellectuals and Socialism* (1949) where he describes intellectuals as secondhand dealers of ideas that borrow from scholars and experts and do not directly influence political decision-making but shape public opinion and shift the views of society.

⁷⁵ One complication is that the realms of knowledge and power are not as clearly separated, such that the sole purpose of think tanks is to serve only as the transmission mechanism between the two. These accounts tend to idealize the distinctness of the realms of knowledge and the political. The political is typically depicted as one of decision making and so underestimates a host of other activities. The realm of knowledge is often seen as being clearly involved with deriving pure, exact, or true knowledge and information. Moreover, such a clear separation of realms implies a simplistic image of how think tanks transfer ideas or how these are translated.

speeches.⁷⁶ I want to advance the claim that the work of think tanks is primarily rhetorical and their impact and influence is above all else discursive. Because think tanks are engaged in political argument and in making ideas matter, one had better start in my opinion by studying their arguments and ideas. Persuasion is the daily toil of think tanks and it is their ability to persuade that keeps them in business.⁷⁷ It of course matters who is funding, and in what social networks think tanks operate but only insofar as it concurs with what think tanks say and how they say it. Think tanks are being paid for doing good rhetoric, and they are above anything discursive “brokers,” or rhetorical “second-hand dealers.” Their work consists of a variety of discursive interventions appearing as books, reports, websites, policy memos, or talking points that all seek to rearticulate existing political positions. Each think tank does so differently and with reference to distinct metaphors and narratives. Only by attending to the meat of these rearticulations does one get a sense of what think tanks actually do.

If think tanks are discursive dealers of ideas, how then did they broker the idea of the market, especially when they are said to be instrumental in the spread of the idea of the market and market-based policies (Backhouse 2005; George 1997; Smith 1991b; Stone 1996)? Surprisingly, one hardly encounters lengthy polemics for or against the market in the discourse of U.S. think tanks. One will look in vain for an impassioned discourse about the market, either eulogizing its virtues or contesting its beneficence. Think tank discourse is hardly ever about the market *per se*. This presents a key paradox concerning the market discourse of U.S. think tanks and perhaps market discourse in general. It promotes the market, but hardly deals with the market. In fact, the market itself appears to be no real factor of importance in American political discourse. Moreover, the opposition between market and state or government, typically seen to structure the opposition between Left and Right, no longer serves as a clear marker of ideological contention.

Should one conclude then, that the idea of the market has ceased to be a bone of political contention and that the role of think tanks as disseminators of pro-market policies and ideologies has been overstated? I think not. The debate may no longer

⁷⁶ This remarkable lack of attention for the importance of political ideas and rhetorical analysis may in fact be characteristics of contemporary political science on the whole (Finlayson 2004).

⁷⁷ Think tanks themselves are unashamed of their rhetorical function. They even teach it, as for instance in 2004 and 2005 when the summer university of the Cato Institute offered numerous courses on rhetoric. Besides program items such as Spontaneous Volleyball examples of courses at the Cato University were: “Using Economics in Argumentation” by Don Boudreaux, “Property and Stewardship -- How to Explain Markets to Religious People” by Dan Griswold, and “The Power of the Word: Simple Lessons in Persuasion” by Deroy Murdock (see <http://www.cato-university.org/index.html>; accessed April 28, 2006)

be about the market per se – and probably it never was – even though it is repeatedly fetishized as such.⁷⁸ The market nevertheless remains a political concept of great importance in contemporary political discourse. It is featured but not in the ways economists and political theorists are accustomed to perceive it. In think tank discourse namely, the idea of the market operates in the background rather than appearing as an explicit object of argument. Market discourse does not proceed by argument over the market, but by arguing with the market. This raises a number of telling issues about think tank discourse and political discourse in general.

First, it suggests that policy discourse does not so much revolve around the play of arguments, but operates through framing instead (see also Fischer 2003; Fischer and Forester 1993). A frame is constitutive of a particular policy issue by providing a way of perceiving and defining the problem, offering solutions, and supplying a rhetorical apparatus to argue the case. The frame serves as a constitutive metaphor, image or imaginary that defines and structures the field of argument.⁷⁹ Framing and reframing constitutes the core of think tank activity. The idea of the market is consequently primarily used in framing policy discussions. Stone (1996) claims that think tanks were instrumental to the promotion and dissemination of Public Choice Theory as one example of the appropriation of the market as metaphor. They did so not by using it in their policy analysis, but to frame their analyses.

Second, an important discursive effect of framing as a rhetorical strategy is that it normalizes the perspective put forward by the frame. Whatever a frame constitutes is perceived as normal. *Normalization* through framing has a twofold effect as it conjoins both fact and norm. It first makes whatever is framed look normal, acceptable, straightforward, and natural. Simultaneously, it serves as a norm for that social reality. When think tanks use the idea of the market to frame policy issues, they not only reconstruct a certain situation, but they also impose the market as the norm for appraising that situation. Once education, health care or social security, are perceived of or described in market terms, prescription and normative guidelines follow concomitantly. Normalization through framing is thus

⁷⁸ Political philosopher Wendy Brown (2001, 2003) describes this situation as a form of melancholia, in which one longs for a political order that never was.

⁷⁹ Klammer and Leonard (1994) distinguish three types of metaphors and their importance for the discourse of economists. Besides *pedagogical metaphors*, metaphors to illustrate and aid the understanding of theoretical concepts (e.g. the market is a supercomputer that processes information) and *heuristic metaphors*, which help to systematically explore a topic and have a cognitive function (e.g. the concept of human capital), they point at the importance of *constitutive metaphors*. These root metaphors frame a scientific discourse and provide its ‘window of vision.’

a very effective rhetorical strategy for presenting a normative position as a positive one and thus for shunning contestation.

A third consequence of framing is that it changes the face of political debate. Think tanks achieve their political aims not through direct political argument, but through constant framing and reframing. Political contestation becomes a battle over frames instead of being an idealized rational exchange of arguments within a frame. Rhetorical strategies become geared toward the displacement of existing frames of mind. Therewith, reframing critically depends on the work of metaphor because it enables the imposition of a new concept to displace a preceding one. Hence, one can expect think tanks to use the idea of the market metaphorically to inspire new framings of policy issues.

One can distinguish at least four genres think tanks use to frame their analysis. Table 4.1 below, summarizes them. The first two genres, the regulation genre and the economic policy genre, are straightforwardly economic in nature. In both, the market itself is practically uncontested and serves as a technical frame for analyzing what form regulations and policies should take. In the regulation genre, the perfect market is the norm, the world is perceived as deviation from that norm and regulation is necessary to prevent market failure. The economic policy genre again posits the market as norm, but now with the aim to stimulate the economy and to discuss policy measures such as tax cuts or structural adjustments.

The third genre is of a different kind, labeled *governmental* loosely after Foucault (1991). It is concerned with the issue of government broadly understood and considers the role of the market for governing. As such, it is a political rather than economic genre. In this genre, political issues such as social security, immigration, the organization of government, or health care are reframed in terms of a market. The market is again employed as a norm, but now as a political one, structuring and legitimating solutions for political problems. As a political norm, the market frame is no longer uncontested but is likely to be disputed. Using the market as political norm allows the governmental genre to actively rearticulate existing political understandings. For this reason, it is often presented as an agenda for reform. Reflecting the many ways in which the market is used as political norm, a variety of governmental sub-genres emerges. The genre of market-based governance proposes market solutions for political problems through liberalization or privatization, including proposals such as social security reform through privatization or school reform using voucher systems. The genre of market-based government on the other hand advocates the reformation of government institutions by fashioning them after markets.

A fourth genre of think tank discourse considers the relation between the market and the realization of the good life. Books like, *Is the Market Moral?* (Blank and McGurn 2004) at Brookings or *Culture and Enterprise: The Development, Representation, and Morality of Business* (Lavoie and Chamlee-Wright 2000) from Cato, assess the moral and cultural standing of the market. They inquire as to the extent to which the market contributes to or detracts from the morally or culturally good life. In this genre, the norm of the market is evaluated as it is juxtaposed to and meets the resistance of other norms.

Table 4.1: Genres of Market Discourse at US Think Tanks

Genre	Issue	Market Framing	Policy Recipe	Example
Regulation Genre	Market Failure	Market of perfect competition as norm	Prevent market failure	Telecom regulation
(Macro) Economic Policy Genre	(Macro) Economic Performance	Market economy as norm	Develop and execute market strategies	Trade liberalization
Governmental Genre	Government	Market as political norm	Shape government after the image of the market	Reform Debates: social security reform / efficient government
Market and the Good Life Genre	Moral and Cultural life	Market as moral and cultural norm	Promote or contain market for sake of moral and cultural life	Is the market moral? / Corporate social responsibility

Viewing think tank discourse about the market as a discourse of framing and reframing may explain why the market is hardly visible on the surface of policy discourse but is nonetheless actively disseminated by it. With these general features of the market discourse of US think tanks in mind, in what follows I will present four case studies to show the various ways in which the idea of the market permeates this discourse and affects its outcomes. My analysis focuses on the governmental genre because it is in this domain that one witnesses the most active and politically sensitive rearticulations of our political imaginary. Through a rhetorical analysis of a sample of key texts for each think tank, I will reconstruct the way in which they have framed the market and the political implications thereof.

The Technocratic Market Discourse of the Brookings Institution

Brookings is known as a liberal, technocratic think tank. Founded as the Institute for Government Research in 1916 and after merging with Robert Brookings' Institute of Economics and Graduate School in Economics, it is to date the most economic of all think tanks. Economics became the primary intellectual background for its policy work. Brookings is representative of a tradition where policy inquiry is informed by the idea of efficiency and the effort to make

government more efficient (Smith 1991a, 1991b, 17). Its rhetoric expresses a commitment to grounding political advice in scientific and economic reason and it exudes the ethos of being a “university without students” (Weaver 1989).

Arthur M. Okun’s book, *Equality And Efficiency: The Big Tradeoff* (1975), is one of Brookings’ all-time bestsellers. It is exemplary of the commitments it makes to economic reason, efficiency, and technocratic solutions. The tradeoff between equality and efficiency laid out in this book is representative of Brookings’ matrix of analysis and still animates how it views the market today.⁸⁰ A clear example of the governmental genre, it poses the question of how to square the equality of political rights with the economic inequalities of the marketplace found in a capitalist democracy. According to Okun, the market introduces a fundamental tension between “the domain of rights and the domain of dollars.” While the great contribution of the marketplace lies in the enhancement of efficiency, it does so at the cost of engendering economic inequality. The “unequal rewards and penalties generated by a market economy” (34), conflict with equal rights and justice for all claimed in the political realm. The market presents society with a political dilemma on how to balance the tradeoff between equality and efficiency, for which Okun proposes redistributive measures.

Okun portrays an intriguing image of the market. On the surface, the market is viewed as a site of efficiency. The market is the most efficient way of providing goods, although this task is sometimes performed imperfectly. For Okun, the case for the market rests on its superior performance compared to alternative economic systems: “the market has proved to be an efficient organizer of production in practice as well as in theory” (50). The efficiency of the market, according to Okun, rests on the doctrine of the invisible hand: “A competitive market transmits signals to producers that reflect the values of consumers” and “profitability channels resources into more productive uses and pulls them away from less productive ones” while “nobody is asked to evaluate what is good for the system or for the society” (50).

This account of the market as a site of efficiency seems to be taken straight from the textbooks, but its uniqueness can be determined from the way Okun

⁸⁰ Recent studies still invoke the tradeoff presented by the market between equality and efficiency, e.g. *Beyond Tradeoffs: Market Reforms and Equitable Growth in Latin America* (Birdsall et al. 1998) and *Efficiency, Equity, and Legitimacy: The Multilateral Trading System at the Millennium* (Porter 2001). Recently, Brookings started a new program, “The Hamilton project” which advocates active social and economic measures to ensure that growth is broad-based (i.e. more proportionally distributed) and provides guarantees for economic security. This project appears to be animated by a similar understanding of a tradeoff between efficiency and equality.

positions his arguments. First, he distances his argument for the market from one based on an appeal to the value of freedom: “I have argued ... that the issue of government versus private ownership of industry has little to do with freedom, but much to do with efficiency” (61). Okun argues against any overstatement of the importance of freedom and debunks the idea that the market has any prerogative over it. While a “market economy helps to safeguard political rights against encroachment by the state,” the protection of individual rights is not unequivocally related to the size of either government or market.⁸¹ The market has no special privilege over the exercise of freedom in his view because the power to adjudicate over what freedoms people are allowed remains the privilege of the state. Secondly, Okun dispels the commonly held notion that the market has a special ethical claim due to its distribution of rewards on the basis of contribution. According to Okun, it is misleading to defend the market by laying claim to the justness of its rewards. Market outcomes need not reflect actual contribution because people differ with regard to their initial endowments and their natural abilities, and especially because individual productive contribution cannot be unequivocally attributed given the complexity of market processes.⁸²

For Okun, the only way to make the case for the market is neither its link to freedom nor its fairness in distribution, but its claim to efficiency. And even with regard to efficiency, Okun is hesitant to overstate his case and essentialize the market. The market is not necessarily always efficient. Okun points to its record of efficiency (50) to suggest that the efficiency of the market is only an approximation based on its comparison to other economic systems. While Okun definitely portrays the market as a site of efficiency, he is nevertheless careful not to overstate and essentialize his claims and is skeptical about the market’s pretenses of freedom and fairness.

This sense of skepticism over the market is further enhanced by the metaphor Okun uses to represent it. Throughout, the language and imagery of a game or games is used to describe the market. Drawing on the imagery of competition, the market is alternately referred to as a game, a contest, or as a race, and its players as contestants. Where a market determines prices and games award prizes, Okun

⁸¹ Citing the example of Scandinavian states on the one hand and fascist states with private economies on the other, Okun argues that the protection of individual rights is not unequivocally related to the size of either government or market. The reduction of the state to a much smaller size may not be sufficient protection from its infractions on personal freedoms.

⁸² The doctrine of the justness of the rewards awarded by the market was sometimes given transcendental qualities as Okun notices: “At the turn of this century, that theory of distribution was greeted by some social thinkers as divine revelation of the justice of a competitive economy. Today, however, economists do not invoke the name of the Lord in support of the market.” (Okun 1975, 41)

depicts the market as “a competition that seeks prizes” (49) and refers to market outcomes in terms of “rewards and penalties” (34).

With the market-as-game metaphor, Okun subtly impresses a dramatic shift on the debate over the market. First, it serves to reiterate that on the market we play the efficiency game. To limit it to efficiency only, Okun urges us not to confuse the market-as-game metaphor with others that are available, such as the metaphor of a casino or lottery:

Some frustrated observers tend to view the marketplace as a casino, featuring games of chance ... even if market prizes and penalties are like a lottery in lacking any systematic relation to the personal characteristics of the winners and losers, they may be serving essential functions as incentives to channel resources and hence promote economic efficiency. (74)

If it is played right, the market-game is the best-known system for stimulating efficiency in the economy. Viewed in light of efficiency, the market-game is not a simple rat race: “some see the contests of modern society as dehumanizing rat races ... But a major deemphasis on competition means forgoing individualistic incentives” (86). The market is just a game and, as such, there is nothing inherently virtuous about it in Okun’s view:

People understand the relativism of market rewards, and do not confuse the market’s verdict with heaven’s verdict. It is true that, in the race for dollars, all the places are announced officially – loud and clear. But when people conclude that they have run a fair race, they tend to find some sense in which they have been winners. (87)

The well-respected economist Okun thus turns to metaphor to downplay any essentialist claims about the market and to picture it for others as a game of efficiency.

Secondly, the market-as-game metaphor redefines what takes place on a market and alters the way one views its participants and their relation to market outcomes. It focuses our attention on the fact that the players of market-games end up as either winners or losers. This way, the market-as-game metaphor imposes a distinct normative legitimization, namely a game-ethos of winning and losing. It implies that when one plays by the “rules of the game” (49): “prizes for the winners in the form of swimming pools and bigger houses seem ... innocuous” (Okun 1975, 49-50). Moreover, because it resonates with a typically American conception of social life, the market-as-game metaphor carries added force:

Many in our society, including some losers as well as most winners, seem to enjoy the rules of the game and the contest. They cheer loudly for success in the marketplace, and reinforce income incentives by vesting those who succeed with social status. The marketplace becomes a great American game; the winners are

made proud and the losers embarrassed ... all reveal the deeply ingrained market ethic of American society. (48)

The game-metaphor thus highlights what the market as a frame in Okun's account normalizes: markets are games with legitimate winners and losers.

The importance of the market-as-game metaphor rests in the political shift it helps articulate. Okun's emphasis on rules and legitimating winners and losers, immediately raises the question as to whether "it would be desirable to have fairer races" (84). Highly aware of his own use of the market-as-game metaphor, Okun turns to the issue of equality:

To switch metaphors, some of the contestants get a head start while others have handicaps. Social and economic disparities among families make the race unfair. The importance of the uneven positions at the starting line and the possibilities of making the race fairer are complex ... But it seems undeniable in principle that the prizes for performance would be more defensible ethically if everyone had an even start. (41)

In the end, framing the market as a game has little to do with the issue of efficiency but everything to do with portraying it as a site of inequality. The subtext of the game-metaphor is to convey that besides winners, the market-game has losers too. The political import of Okun's market-as-game metaphor is thus to quietly insert the issue of inequality and uneven distribution into the debate. On the surface of it, Okun represents the market as a site of efficiency but framed through the market-as-game metaphor, the story immediately becomes one about winners, losers, and of measures to make the game and its outcomes fairer.

The market-as-game metaphor thus reveals that Okun's account of the market is not only about efficiency. The idea that the market produces unequal outcomes frames Okun's entire discourse. The notion of a tradeoff only confirms this by presupposing that the market is a site of inequality too. With this emphasis on the idea of distribution and inequality, Okun reminds us of an often forgotten strain in (anti-)market discourse, namely that markets are also sites of distribution and that its fairness can be contested. If one recognizes that for Okun the market is foremost a site of unequal distribution, one also better understands why his embrace of efficiency as the key virtue of the market is secondary, non-essentialist and somewhat reluctant.

The market-as-game metaphor not only shifts the political stakes to the trade-off between efficiency and equality, but also affects Okun's framing of the relation between the market and politics. It introduces what is called a compartmentalized

view of the market, which gives way to a technocratic view of politics.⁸³ In a compartmentalized view, the market is depicted as a separate sphere of life that is distinct from the political realm and is governed by its own logic. Okun's juxtaposition of the market to the domain of rights and his repeated characterizations of society as divided between an economic and political realm are evidence of a compartmentalized view: "a society that is both democratic and capitalistic has a split-level institutional structure" (4). Using a variety of well-known oppositions, Okun reiterates this division: rights and dollars, marketplace versus state, capitalism versus democracy. By the end of the book it becomes clear that his compartmentalized view also posits the political challenge of Okun's argument: "the market needs a place, and the market needs to be kept in its place" (119). The challenge is to maintain the compartmentalization of the market. Okun's market discourse is replete with spatial metaphors like realm, sphere, world, territory, or domain so as to emphasize the imperative to contain the market in its proper place: "A democratic capitalist society will keep searching for better ways of drawing the boundary lines between the domain of rights and the domain of dollars" (120). This may also explain why one often speaks of the marketplace instead of the market.⁸⁴ The spatial imagery of marketplace intimates a view of the market as a circumscribed area of conduct, subject to political control. The political stakes of the compartmentalization discourse are thus to assign the market its place, to circumscribe it, and where necessary correct its outcomes.

The compartmentalized view in turn inspires a technocratic attitude towards the market assigning the state the role of engineer and Okun's solutions reflect this attitude. He proposes a technocratic solution in cases where economic inequality in terms of income and wealth interferes with political equality when "dollars ... buy rights." In the language of compartmentalization, "the marketplace transgresses" on rights (22) and to protect rights from contamination by the market, bans or "prohibitions on exchange" should be in place: "the basic transgressions of the marketplace on equal rights must be curbed by specific, detailed rules on what

⁸³ The label *compartmentalized view* is borrowed from Margaret Radin (1996) who uses it to describe moral theories such as Michael Walzer's (1983) that propose confining the market to its own sphere.

⁸⁴ I have noticed that in American or Anglo-Saxon political discourse, *market* and *marketplace* are often used interchangeably. These terms appear to be synonymous. As I want to suggest here however, they signal slight but significant slips in meaning. Marketplace is sometimes used to refer to concrete markets, but can also reflect a distinct, in this case political, attitude towards the market, namely the market as a self-ruling system. In other parts of my research, I have analyzed market discourse in the Netherlands. There, I encountered altogether different slides. I found that one seamlessly moves from market to what would be the equivalent of marketforces (In Dutch: *marktwerking*). These slight differences in vocabulary signal important differences in political attitudes.

money should not buy” (31). The central technocratic solution, however, appears in Okun’s discussion of how to square political equality with economic inequality in the distribution of income and wealth in the marketplace. His idea of a tradeoff presupposes that a political entity decides, manages, and technically adjusts the exact societal proportions of efficiency and equality. To correct the unequal outcomes of efficient markets, Okun devises redistributive measures. Drawing on an engineering metaphor, he identifies the problem as “an unresolved technological problem: the money must be carried from the rich to the poor in a leaky bucket” (91). Redistributive transfers cause leakages in terms of efficiency because of bureaucratic costs and reduced incentives. The task is to determine what leaks are politically acceptable.

Okun has advanced an ambivalent image of the market. At first sight, the market is portrayed in purely economic terms, as a means of enhancing efficiency. The market-as-game metaphor undermines and challenges a strictly economic reading and reframes the debate over the market by drawing on some of its neglected political aspects such as inequality and distribution. Employing a compartmentalized view of the market, it advocates a market politics, which aim to confine the market to its proper place and restore political equality. The following passage illustrates once again Okun’s ambivalent stance toward the market:

I cheered the market; but I could not give it more than two cheers. The tyranny of the dollar yardstick restrained my enthusiasm. Given the chance, it would sweep away all other values, and establish a vending-machine society. The rights and powers that money should not buy must be protected with detailed regulations and sanctions, and with countervailing aids to those with low incomes. Once those rights are protected, and economic deprivation is ended, I believe that our society would be more willing to let the competitive market have its place. (119)

The Discourse of Competition at the American Enterprise Institute

Brookings’ representation of the market and its technocratic discourse of efficiency still strongly resemble the discourse of economics. When contrasted with the discourse of the AEI, it appears as a distinct discourse among others. The American Enterprise Institute was founded in 1943 by a group of businessmen and academics. At its 60th birthday it was recounted:

From the beginning ... the Association’s spirit was libertarian and conservative rather than simply “probusiness.” Its founding mission statement would still serve well: to promote “greater public knowledge and understanding of the social and economic advantages accruing to the American people through the maintenance of the system of free, competitive enterprise.” (AEI 2003 *Annual Report*)

Today, with the libertarian and conservative agendas usurped by the libertarian Cato Institute and conservative Heritage Foundation, AEI’s place in the political

spectrum has become somewhat harder to distinguish. Most of its rhetoric however, still revolves around the promotion of a system of free, competitive enterprise and the idea of competition remains its key value. This focus on the spirit of competitive enterprise returns in the books of some of AEI's defining members, such as Irving Kristol's *Two Cheers for Capitalism* (1978), Michael Novak's *The Spirit of Democratic Capitalism* (1982), and Charles Murray's *Losing Ground* (1984).

Given its emphasis on competitive enterprise as its guiding political concept, it is not surprising that the AEI stresses the competitive powers of the market even in its analysis of governmental rhetoric. An excellent example is provided by a lecture entitled *Competition in Government* delivered by AEI's president, Christopher DeMuth (2004).⁸⁵ In this lecture, DeMuth aims to flesh out AEI's "principle for choosing good policies" (1). While he acknowledges the existence of longstanding academic and philosophical debates over the principles of good governance, DeMuth is intent on offering a practical principle. He explicitly distances himself from academic principles like efficiency in economics, or the principle of representation in political science. He also dissociates himself from the libertarian principle of individual freedom, a conservative emphasis on norms and traditions, or the liberal principle of social justice, and similarly disparages the often electorally motivated principles of Republicans and Democrats. AEI's principle of good government is meant to be different and DeMuth puts it forward as an innovative intervention that is politically neutral yet universally applicable: "I want to propose a new entry in the constellation of political lodestars: the principle of competition" (2). In saying this, the AEI elevates competition from a modest economic concept to a political principle. The metaphor of a lodestar conveys the impression that competition is a principle of universal, metaphysical, or even astronomical proportions and is thus appropriate for the navigation of political seas.

In DeMuth's view, competition "is the principle that all things of value should be provided by numerous suppliers in rivalry with each other" (2). Even though competition is a common idea in America, it has great potential to become an encompassing principle for our political lives:

My argument is for a more systematic and principled version of competition. I believe it holds promise for solving many serious problems in government, for

⁸⁵ This is the text of the 2004 AEI Bradley Lecture, held on October 4, 2004. It is available at: <http://www.aei.org/article/politics-and-public-opinion/competition-in-government-article/>, last accessed: December 23, 2011. References are to the .pdf version of the same text: <http://www.aei.org/speech/politics-and-public-opinion/competition-in-government-speech/>.

seeing familiar issues in new and productive ways, and for building popular support for policy reform. (2)

The market is of course the inspiration behind the promises of competition. DeMuth defines two areas of life where competition successfully functions as the governing principle. These are the economic market and the marketplace of ideas embodying the freedom of expression of the First Amendment. They have in common that:

In both cases, we abstain from judging the quality of desirability of the goods and services, ideas, religions, or political programs being supplied; instead, we simply insist that everyone be permitted to supply whatever he or she likes and let the judge of value be the choices of consumers in the market for goods or the market for ideas. (2)

Drawing on the positive experiences with the principle of competition in markets for goods and ideas, DeMuth thus advocates the adoption of competition as a general political principle and the need to shape government and all political affairs after its image.

With the introduction of the principle of competition as a universal political principle, AEI thus casts its governmental discourse in the language of the market. In doing so, it relies on a particular image of the market focused on competition and competitive enterprise. In contrast to Brookings where the market is portrayed as a site of efficiency and inequality, AEI depicts a market guided primarily by competition. Like Okun, DeMuth also sets his account of the market apart from others in order to underscore the distinguishing features of his claims. In one full section he advocates framing the market in terms of competition and not choice, as libertarians would have it, and which entails a supply side argument:

I want to emphasize not the consumption side but the production side of competitive arrangements – not the tendency of competition to provide individuals with a smorgasbord of alternatives to choose from, but rather its tendency to regulate conflict, to strengthen and discipline institutions, and to channel human ambition so as to promote the human good. (7)

With the market, DeMuth advocates solutions that focus on competition rather than choice: not school choice but competition among schools; not health care choice but health care providers that compete for their patients. Social Security reform should not promote investment choice but should focus instead on fostering competition among fund managers. According to AEI, you get better public goods not by having consumers choose but by having producers compete with each other for the consumer. The same holds true in the realm of ideas where the competitive supply of ideas brings us closer to truth, innovation, creativity, variety, and even peace. With the emphasis on competition, the market frame subtly shifts our

attention away from choice, efficiency, or inequality, and toward the merits of competitive enterprise. Framing government and political life as a competitive market also shifts our view of government away from the image of a choosing citizen and toward the model of an entrepreneurial government.

Transferred from the market to government, competition imports a distinct view on political issues. While it may appear natural, DeMuth stresses that competition is not actually “a fact of life” (2) but is instead a social phenomenon that requires political construction. Competition is not part of our base nature “that needs to be suppressed in order to achieve higher social ends” (2-3). On the contrary, it requires social construction and nurturing in his view: “so it is easy to see how competition would be regarded as feral and vestigial, something to be transcended rather than nurtured” (3). In AEI’s approach, competition is not base, natural, brutish, or selfish but exactly the opposite, namely the force that holds these vices in check. Competition is viewed as external to the individual and that which limits its freedom or autonomy: “we so often encounter competition as an imposition on our autonomy and aspirations for self-realization, and seek constantly to evade its tethers” (3).

In viewing competition not as a selfish drive but as its opposite, namely that which keeps selfishness in check, DeMuth reveals a view of mankind that is typical of AEI. One finds this perspective to be shared by one of the leading AEI philosophers and theologians, Richard Novak (e.g. 1982), and what could be seen as his essentially Christian view of man. While dignified, man is ultimately weak and sinful and hence requires institutions that cultivate his or her weaknesses and turn them into strengths. Moreover, the individual is responsible for living a worthy life. Competition is the form of government that exactly governs the individual to best honor these two requirements. Competition moderates the individual: “competition tempers excessive self-confidence” and it is a civilized form of “social conflict” (4).⁸⁶ At the same time, competition is an ideal means for achieving self-governance, because it neither confers power to a single individual nor is it monopolized by one coercive power. For DeMuth, the appeal of the principle of competition lies in its contribution to both stimulating and moderating the individual.

Competition thus represents a disciplinary power: “competition is ... an important source of discipline” (4). It disciplines its subjects by restricting and

⁸⁶ “One of the reasons that the sports and business pages of the newspapers are such a relief from the news and editorial pages is that they report on the results of competitive processes that are, for the most part, immune to the bluff, bombast, and ‘spin’ that characterizes politics” (4).

cultivating their desires, but the disciplining is not done by one particular power. Rather, it operates as a form of self-discipline through the competitive pursuits of all. Provided there are no monopolies, a competitive market governs without a sovereign power, and is hence self-disciplining: “The judgments of the marketplace, and of other competitive procedures under established rules, are impersonal in the sense that they constitute the aggregation of large numbers of small, essentially anonymous individual decisions” (4).

With its rewards and punishments, discipline is its main virtue. Competition makes one work harder: “One who is working in direct rivalry with others tends to work longer and harder and to be more focused on production rather than consumption” (4) and it makes one more attentive to the needs of others: “Competition is also a ‘reality check,’ obliging each of us to take account not only of our own interests and preferences but those of others” (4). Only competition warrants the necessary disciplinary powers needed in a system of self-government. Choice for instance, unlike competition is not sufficient to stave off “the excesses, abuses, and self-indulgences that arise in every circumstance of political and economic monopoly” (8). The market and more generally the principle of competition are AEI’s trademark strategies for promoting a disciplinary form of government.

Through the idea of competition, the market thus assists the AEI to frame the issue of government as one of discipline. Rhetorically, the principle of competition is used as an effective means to transfer and apply the disciplinary form of rule that we know from the market to the political realm. DeMuth cites a number of benefits of using competition as a policy principle: “competition is less abstract or technical, and more connected to the daily lives and immediate practical knowledge of average citizens and voters” and is “less ideologically loaded” than related terms such as promarket, market oriented, and privatized (7). Inspired solely by literal markets, the idea of competition transcends these quagmires and prevents any confusion of the market and democracy with the general political principle of competition that unites them: “intellectuals and political activists of classical liberal disposition have done much less than they could to recommend the social advantages of competition broadly and forthrightly” (7).

The principle of competition provides clear policy guidelines. When it comes to economic policies and regulation, its implications are straightforward: “the touchstone of reformist advocacy should be the principle of competition” (9). We already saw that for public issues competition-based policy solutions are favored over choice. DeMuth’s revolutionary point, however, is the view that the political

realm as a whole, and government in particular, should obey the same principle. Hence, the structure of government should itself be aligned with the principle of competition. One example is the separation of powers in American politics which, more so than parliamentary systems, comply with the principle of competition. The federal system and policy competition between the states reflect also the principle of competition. For example, “the closest thing to policy nirvana in American law is corporation law, which is supplied by the states in a true policy marketplace where corporations may choose their state of incorporation” (12). In general, government is best if it resembles a highly competitive “policy marketplace,” that legislates “competitive regulation,” respects the “principle of competitive policy supply” (13), and if its laws are subjected to “a competitive market test” (14). Thus, the supply of policy is to be governed by competition just as strictly as its other aspects. Throughout, DeMuth’s argument is that the principle of competition and the disciplinary power it wields together provide a panacea for all issues of government.

It is striking to see how DeMuth’s argument about government ultimately relates back to the idea of the market. Throughout his presentation, the market has served as DeMuth’s *topos*. In his search for a principle of good government, the market was his inspiration. Through the notion of competition, it functioned as model for deriving answers to the question of government. By pointing out the disciplinary power of competition in two markets, namely those for goods and ideas, the market is turned into a general metaphor for government: “I hope to persuade you that the principle of competition in these realms possesses important political virtues of general application” (2). The marketplace is thus a metaphor that transposes the idea of competition to the realm of government. This market-metaphor enables us to see “familiar issues in new and productive ways, and for building popular support for policy reform” (2). Hence, a metaphorical marketplace frames DeMuth’s discourse on government.⁸⁷

This use of the marketplace as metaphor and *topos* reveals two important features of the relation between the market and government. The first concerns the performance of this rhetorical strategy. Using the market as its *topos*, the overall

⁸⁷ Here we encounter another instance of the market/marketplace displacement in US discourse. Unlike in the discussion of the Brookings, where the distinction was used to emphasize *place* in the sense of a compartmentalized or circumscribed place for the market, here the slippage between the two could be interpreted to signal the play between more literal and metaphorical uses of the concept. Marketplace could then paradoxically – and thus revealing the true character of metaphor – stand for either a more metaphorical (e.g. marketplace for ideas and not market for ideas) or more literal version of market (the marketplace as physical and geographically circumscribed market, e.g. the farmer’s market).

effect of this text is to bring about a displacement of government by the market. The displacement consists of the reframing of government – and by extension the state – in terms of the market. The metaphor of the marketplace conveys the impression that government is or should be like a market. This is a familiar displacement in the discourse in economics. Within political discourse, however, it has also gained popularity and today the displacement of the state by the market is commonly perceived as the defining feature of neoliberal political discourse. Neoliberalism is often described as a political doctrine whose policies advocate displacing the state by the market and which legitimates all its political actions with reference to the market. AEI's principle of competition amounts to a neoliberal principle of government

The displacement of government by the market in this perspective propagates a very particular relation of market and government but it remains a metaphor. It would be a mistake namely to read DeMuth's text and neoliberalism in general as an argument for outright replacement of the government by the market. Mistaking the displacement for a replacement overlooks its metaphorical character. The metaphorical relation between market and government is significant beyond rhetorical reasons because it inserts a form of indeterminacy often overlooked in market discourse and which DeMuth skillfully exploits. By employing the market as metaphor for government, the argument is not to have the market actually replace government but to let the two co-exist and have a metaphorical market displace, unsettle, or shake up government. We may be accustomed to thinking of the relation between the market and the state as either/or since the metaphorical relation has a supplementary logic in which the market is superimposed on the state. The state remains well in place, but the idea of the market metaphorically hovers over it to reshape and remodel it. Government is not physically abolished but only re-made after the image of the market. The effect is a market-like government that imitates, replicates, or reinforces certain features of the market. The government is then rearticulated in terms of the market and this shifts its prior meanings, suppressing some and highlighting others. The results of this rearticulation are indeterminate as rearticulation is hardly ever complete. If it were, government and market would have already become synonymous. But while its effects may be indeterminate, AEI's metaphorical marketplace unmistakably subjects government to a neoliberal rearticulation that promotes disciplinary forms of rule.

The Discourse of Choice and Anti-Government at the Cato Institute

Governmental discourse at the libertarian Cato Institute is all about the market. Founded in 1977 by its current President Edward Crane, Cato became influential when it severed its ties with the Californian Libertarian Party and moved to Washington in 1981. Committed to the values of “individual liberty, limited government, free markets and peace,” the market is its trademark idea and serves as both norm and blueprint for virtually all its policy solutions. Of the 14 books published by Cato in 2005, the market is the central and defining concept of analysis in many, like in *Water for Sale: How Business and the Market Can Resolve the World’s Water Crisis* (Segerfeldt 2005) and *Healthy Competition: What’s Holding Back Health Care and How to Free It* (Cannon and Tanner 2005). The market remains in the background of the analysis in others like *Cowboy Capitalism: European Myths, American Reality* (Gersemann 2004) and *What America Can Learn from School Choice in Other Countries* (Salisbury et al. 2005). The market appears to be Cato’s ideal form of government and hence informs its choice topics, ranging from the size of the federal government, taxes, the budget, reform of the welfare state through “social security choice,” welfare reform through appeals to civil society, free-market solutions for health care, school choice, free trade, to free-market environmentalism and non-interference in foreign affairs. Throughout, Cato has sought the intellectual support from well-known market liberals such as Milton Friedman or Friedrich Hayek (and incidentally Deirdre McCloskey), and new market advocates, such as Mario Vargas Llosa and Vaclav Klaus.

The reason why the market is omnipresent at Cato, and why it is advocated with unrelenting vigor and zealous passion, is that for libertarians the market represents liberty. Where AEI emphasizes the aspect of competition and Brookings its efficiency and inequality, Cato focuses instead on the value of freedom. Emphasizing choice and voluntarism, Cato equates the market with liberty. It epitomizes the libertarian adage once formulated by Nozick: “from each as they choose, to each as they are chosen.” In the marketplace, one is free to do as one chooses, and the social outcomes reflect the sum total of these choices. Linking the market to freedom of choice and voluntary exchange makes it is easy to see why the market is a libertarian’s ideal of social order. The market is hence more than an ideal form of economic organization but actually constitutes a political, social, and moral ideal. So, instead of an actual system of liberty, the market is a metaphor for liberty.

That the market at Cato is mainly a metaphor for liberty, is signaled by the frequent references to the *free market*, as for instance in its motto. The locution free market merits a rhetorical analysis in itself – in economics one would refer to perfect or imperfect markets – and the superfluous adding of the term free to market promotes the market as metaphor for liberty. A metaphor for liberty, the free market is a pleonasm that associates the market with free individuals, choice, and the freedom of contract or voluntary exchange. Market liberty thus equals freedom to choose. Yet, as we will see later, the free market at Cato has a second important connotation, namely freedom from interference by the government. Liberty and the market as its metaphor at Cato thus generally reflect the ideal of negative freedom, which is freedom from interference.⁸⁸

The joint notions of freedom of choice and freedom from interference provide Cato with a host of rhetorical strategies for advancing the market. One strategy is to identify restrictions in the freedom of choice and subsequently offer the market as a model for remedying the situation. In *Healthy Competition: What's Holding Back Health Care and How to Free It* (Cannon and Tanner 2005), for instance, the authors begin by observing that “health care in the United States is not what it should be” because the most important deficiency of the health care system is that “patients seem to be losing control over their health care decisions” (2005, 1):

Many patients would value being able to make their own health care decisions, with the advice of their doctors, more than they value being able to choose their own cars, car insurance, or computers. Yet Americans have fewer choices when it comes to health insurance than they do with car insurance. (2005, 1-2)

Patient’s freedom to choose is limited due to interference by employers offering health benefits, government regulation, and insurance companies that determine treatments. The proposed solution follows straight from the framing of the problem: “The thesis of this book is that the way to find solutions to the vexing problems of America’s health care system is through a competitive market process” (2005, 2). The key to the market solution is first to restore choice: “a competitive health care market needs consumers who are free to choose from competing options” because “when economic decisions are made by a mechanism

⁸⁸ An example is given in a short text that outlines the key concepts of libertarianism and Cato, such as individualism, individual rights, spontaneous order, and limited government. Cato’s Vice-President, David Boaz mentions the following about the free market: “To survive and to flourish, individuals need to engage in economic activity. The right to property entails the right to exchange property by mutual agreement. Free markets are the economic system of free individuals, and they are necessary to create wealth. Libertarians believe that people will be both freer and more prosperous if government intervention in people’s economic choices is minimized.” (David Boaz, 1999, Key Concepts of Libertarianism, http://www.cato.org/pub_display.php?pub_id=5758, last accessed: December 23, 2011).

other than individual choice, many consumers' preferences will go unnoticed and their needs unmet" (2005, 5). Second, in line with the doctrine of negative freedom, it forestalls any further government involvement: "Unfortunately, when it comes to health care, government has long behaved as if it knows all the answers ... Year after year, government continues to choose 'winners' in the medical marketplace. Each time it does, it hampers the competitive process" (2005, 5). From the first page, insufficient freedom to choose and government interference are identified as the root cause of the ills of the health care system. In this set-up, only the market can restore freedom.

This is a common rhetorical strategy at Cato. After pointing out a deficiency of individual freedom, which is presented as the root cause of a political problem, which is often labeled as a crisis, the market and market-like solutions follow as natural conclusions. This strategy dispenses with the need to explicitly argue in favor the market, even allowing one to forgo mentioning it at all and proceed directly to policy recommendations. An eleven-page paper on Social Security devotes eight pages to show that its origins are political and that its problems "derive fundamentally from a loss of choice" necessitating radical reform (C. L. Weaver 2002, 102). There is no need to mention that these reforms are modeled after the market: "Reform, from this perspective, implies the introduction of choice, voluntarism, and competition in the provision of Social Security" (C. L. Weaver 2002, 102). Sometimes one need not even specify policy implications as the propping up of the market image suffices to accomplish the goal. A paper on environmental policy opens by claiming that "there is one environmental vision, and only one" (Smith and Jeffreys 1993, 389) namely one that couples environmentalism with individual freedom⁸⁹: "That vision is free-market environmentalism." The remainder of the paper dispels opposition to and misunderstandings about free-market solutions for the environment in order to reinforce the free-market vision and ends prophetically: "In the final analysis ... environmental policy must adopt a free-market approach" (Smith and Jeffreys 1993, 402). The overall effect of this assortment of rhetorical strategies is that the focus on freedom of choice normalizes the market as frame of reference for all issues of government. The reason for its appeal is that the market is turned into a metaphor for individual liberty.

⁸⁹ According to the authors: "Free-market environmentalism is a reconciliation of man and nature ... Rather than practice ecological apartheid – the separation of man from nature – political policy should rely on the natural incentives of private individuals cooperating through voluntary associations" (Smith and Jeffreys 1993, 394).

To claim that liberty is the only appeal of the market would gravely misrepresent Cato's market discourse, however, because it would overlook its staunch anti-government position.⁹⁰ The doctrine of negative liberty sets up a dichotomous either-or opposition between government and market, in which the market emerges as the only alternative to the non-voluntary and coercive powers of government. Cato's market discourse thrives on and derives its force from a continuous play on this stark dialectical opposition. It typically relies on a rhetorical strategy in which market policies are conveyed implicitly by means of a long diatribe against government, socialism, regulation, or central planning. This then is a powerful rhetorical figure sometimes referred to as *dialysis*, in which the either-or opposition tightly holds the argument in its grasp and where arguing against one side, by inference, amounts to propaganda for the other. This rhetorical figure makes Cato's market discourse expressly anti-governmental, because the main appeal of the market is that it is *not* government. It thus draws on a circular logic in which the market is good because it is not government, and government is bad because it is not a market. If one moreover believes "the fact that government is coercion" (Taylor 2002, 91) and that government restricts one's freedom through regulation or by making decisions for you, then the market is framed as the only alternative. The effect of this anti-governmental rhetoric is that an argument against government at the same time reconfirms the market as a norm. With this dichotomous opposition of government and state, Cato's anti-government rhetoric always amounts to an argument about the market. It achieves two objectives at once. It scores points against government, while somewhat inconspicuously advancing the idea of the market.

This type of anti-governmental market rhetoric is reminiscent of Milton Friedman's *Free to Choose* (with Rose Friedman 1980) or *Capitalism and Freedom* (1962). Friedman, a Cato regular, deftly employs this rhetorical figure in an address delivered at Cato's 25th anniversary. In *The Real Free Lunch*, Friedman (2002) argues that contrary to what is said about free lunches in economics: "in the real economic world, there *is* a free lunch, an extraordinary free lunch, and that free lunch is free markets and private property" (55). Instead of detailing how the free market is a free lunch, Friedman sets out to show how the government is

⁹⁰ In a short piece, Cato's executive vice president David Boaz, argues that strictly speaking Cato is not anti-government, because that would suggest it is against any form of government which it is not. Instead it argues for a "limited, constitutional government" (2002a, 427) whose powers are based on consent and defined by constitution.

withholding it from us. He invokes the opposition between markets and government in a particularly striking way:

Our present problems, both economic and noneconomic, arise mainly from the drastic change that has occurred during the past six decades in the relative importance of two different markets for determining who gets what, when, where, and how. Those are the economic market operating under the incentive of profit and the political market operating under the incentive of power. In my lifetime the relative importance of the economic market has declined in terms of the fraction of the country's resources that it is able to use. And the importance of the political, or government, market has greatly expanded. (Friedman 2002, 57)

Opposing economic markets to the government market from the outset fixes the tenor of Friedman's argument.⁹¹ It is either the economic market or the political market. However, the latter is obviously self-defeating: "Government causes social problems" (Friedman 2002, 59). Hence, the market remains as the only viable alternative: "the private market works and government market doesn't" (Friedman 2002, 60). The anti-governmental market rhetoric is augmented by Friedman's ploy of casting government – the nemesis and other side of the either-or dichotomy – once again as a market. This confirms that in the anti-governmental rhetoric the exclusive opposition of market and government mainly serves to convey that the market is in the end the central norm.

Besides a Friedmanian strain of anti-government rhetoric at Cato, there is a second one more similar to Hayek's *Road to Serfdom* ([1944], 1994). Long after the fall of the Berlin Wall, Cato still revels in an anti-communist, anti-socialist, anti-totalitarian, and anti-central-planning rhetoric to make its case for the market. In a collection honoring Cato's 25th anniversary, for instance, numerous chapters (11 out of 51) recount the experiences of communist regimes while many others invoke references to them (Boaz 2002).⁹² By invoking the specter of communism and other excessive regimes, the strategy of dialysis thus yields a popular rhetorical strategy that further strengthens the aversion to government and supports the market.

The effect of such anti-communist or anti-totalitarian rhetorical strategies is twofold. First, because of the commonly perceived perversity of these systems,

⁹¹ David Boaz (2002, 155) uses a similar form of framing, by juxtaposing in his paper a productive economy with one that acts more like a "parasite." Again, market and state are presented as opposites, but here they are framed in terms of the former by using economy as the common denominator.

⁹² It contains papers such as *Why Socialism Collapsed in Eastern Europe* (Palmer 2002), which advances the view that socialism as an ideology could no longer survive and was finally overtaken by liberalism, *Fear and Loathing in the Soviet Union* (Crane 2002), a condescending description of the experiences of Cato's founder and president on a trip through the Soviet Union of 1982, and papers on China's prospects such as *China's Future: Market Socialism or Market Taoism* (Dorn 2002).

referring to them immediately decides the odds in favor of the market. Even with the demise of real-world communism, derivative terms such as socialism, central planning, or statism regularly appear as salient metaphors in the anti-governmental market discourse of Cato. Government is referred to as a system of “command and control” (e.g. Anderson and Leal 2002, 140) or as “central planners” (Boaz 1993, 201). Casting regulation, government programs, public funding, or the welfare state in socialist metaphors instantly discredits them: “too many politicians think the answer to our health care problems is to force all Americans into a socialized, government-run, tax-funded health care bureaucracy” (Tanner 1993, 176). And so, “if socialized medicine will not solve our health care problems, what will?” The only alternative are reforms “that draw on the strength of the free market” (Tanner 1993, 179).

Secondly, the demise of communist regimes gives way to a triumphal discourse because it proves the superiority of market economies. In an essay that takes stock of the 25 years that have passed since Cato’s foundation, David Boaz (2002) carefully plays the triumph over communism. On the one hand, he draws the image of a liberal revolution, the progress of liberty and the triumph of liberalism. Liberalism, he argues, has thrived because of the demise and failure of communism. On the other hand, he warns: “it would be wrong to proclaim victory for liberalism,” because “in many ways government has continued to get bigger and more intrusive.” Even while it may be a thing of the past, communism is kept alive to serve as an imaginary threat: “Although we do seem to have left behind some of the worst forms of government, we can’t help but remember that during the past century we have endured communism, fascism, and national socialism” (Boaz 2002, 13). This way, the specter of communism still remains effective rhetorically: “By now we should have learned that people can run their own lives better than distant bureaucrats can, that competition works better than monopoly and markets better than central planning ... limited government is one of the greatest achievements of humanity” (Boaz 2002, 13).

The anti-governmental thrust of Cato’s market discourse finally reveals that Cato’s view of the market is radically political. An interesting example is given in a paper on “free-market environmentalism” (Smith and Jeffreys 1993) that brings anti-communist rhetoric to bear on the market itself: “Because today the victory of market freedom over state tyranny is a metaphor embraced by all, almost every environmental position is defended as being ‘market oriented’” (Smith and Jeffreys 1993, 392). Those who advocate market-based solutions or market-oriented environmental policies, however, are charged with promoting market socialism

because the market remains an instrument of government: “Regardless of the nomenclature employed by the market socialists, the goal remains the same: to direct human behavior through state action” (Smith and Jeffreys 1993, 392). This critique of market socialism reveals Cato’s radical commitment to the market as an anti-governmental type of political order. For Cato, the market is the sole form of political organization, and therefore the only alternative for government. The market is a political ideal.

For this market-political doctrine, Cato uses the label market-liberalism to indicate that it is a variety of liberalism founded on the market. In the introduction to *Market Liberalism: A Paradigm for the 21st Century*, Boaz and Crane (1993) present market liberalism as “a new vision for American government, a vision rooted in the principles of our Founders and suited to the challenges of the 21st century” (8). Calling it market liberalism cleverly distinguishes Cato’s political views from those of conservatives or the Libertarian Party, and restores a reference to liberalism that is neither liberal nor classical:

“Market liberal,” by modifying liberal with an endorsement of the free market, thus strikes us as a solid description of a philosophy that is rapidly gaining adherents throughout the world. It is a forward-looking philosophy, comfortable with a changing world, tolerant, and enthusiastic about the market process and individual liberty. (Boaz and Crane 1993, 9)

Merging the distinction between economic and political liberalism, the chief effect of the neologism market liberalism is to signify as the sole foundation of liberalism that the market ought to replace government and subsume anything political:

As we approach the 21st century, there is a growing recognition by thinking people throughout the world that the old paradigm of structuring societal arrangements coercively through governmental mechanisms is crumbling. It is in the nature of human beings to be free, and increasingly we are coming to realize that freedom from bureaucratic institutions – in government and in the private sector – not only is consistent with human nature but is the source of human progress. Market liberalism provides a framework for a dynamic, pluralistic society that can yield a future of an undreamed-of prosperity and human fulfillment. (Boaz and Crane 1993, 18)

Market liberalism portrays the market as a non-political and natural political order. Furthermore, for Cato, the idea behind the doctrine of market liberalism is that the market represents a spontaneous, political order. This is evident from a second Hayekian strain in Cato’s market discourse, based on his *Economics and Knowledge* (1937). Through pricing, the market acts as a guide that aggregates dispersed knowledge and hence spontaneously plans a social order:

To show that in this sense the spontaneous actions of individuals will under conditions which we can define bring about a distribution of resources which can

be understood as if it were made according to a single plan, although nobody has planned it, seems to me indeed an answer to the problem which has sometimes been metaphorically described as that of the “social mind.” (Hayek 1937, 52)

The political appeal of the market for Cato is that it provides a social order that is unplanned, emerging spontaneously as the consequence of voluntary actions, and which is self-regulating. The idea of spontaneous order not only resonates with Cato’s commitment to choice and voluntarism, but its true appeal is that it produces an order that reaches beyond individual reason and knowledge. Hence Boaz (Boaz 1997) states in the introduction to *The Market Process*: “the secret, of course, is precisely that no one plans it – no one *could* plan it” (148). The order of the market, which is Hayek’s point, cannot be known in advance by any single individual, and is more rational than political reason can fathom. Hayek (2002) therefore describes it as a special sense organ: “the invention or the development of the market amounts to the invention of a new sense organ” (23). The appeal of the market is that it knows more than what is humanly known,⁹³ and further that it knows even more than what states and governments possibly can: “there is growing evidence that markets can outperform politics” (Anderson and Leal 2002, 146). This epistemological argument for the market further feeds the distrust of government: “universal preschool is a throwback to the era of ‘government knows best’” (Olsen 2002, 128). The market is hence better at governing complex situations, for instance in overseeing economic risk: “Obviously, the federal government simply cannot substitute for market oversight in controlling risk” (England 2002, 153). In the spontaneous order view, besides emphasizing freedom, the market is perceived as a better counselor than any other political body.

Cato’s market liberalism has presented the market as a generic political norm. This was facilitated by Cato’s emphasis on choice and voluntarism, which effectively turned the market into a metaphor for liberty. This stands in contrast to Brookings conception of a clear separation between the economic and political order and AEI, where the market featured as a metaphor for the political order. At Cato the market is neither separate from the political order, nor merely a metaphor for the political, but instead is perceived as a political order in and of itself. The market replaces the state in the doctrine of market liberalism. Its main attraction is that it presents a political order that comes about spontaneously and is more

⁹³ Hayek uses the same argument to criticize Friedman’s Positive Economics, because it presumes that the knowledge of positive economics is complete and would allow for political foresight we cannot possibly have: “Positivist economics is really based on the same idea that we can form appropriate policy on the assumption of complete knowledge of all the relevant facts” (Hayek 2002, 23).

rational than any other political system. Rhetorically, Cato authoritatively offers the market as a substitute political order by first presenting the market and state as mutually exclusive alternatives and then adding to this its anti-governmental and anti-communist rhetoric.

The Moral Market Discourse of The Heritage Foundation

At the (neo-)conservative Heritage Foundation the market appears in yet again another guise. A latecomer on the think tank scene, Edwin Feulner founded The Heritage Foundation in 1973 with money from the brewer, Joseph Coors.⁹⁴ Ever since, Heritage has claimed its place on the political scene by aggressively marketing its conservative ideas. It has a reputation for having revolutionized the way think tanks conduct their business. However, conservatism is hardly a singular political doctrine and one can easily distinguish differing schools within the tradition.⁹⁵ What they share is a belief in a moral order for society, which is rooted in tradition. For Russell Kirk (1995) for instance, conservatism's first principle is a belief in a transcendent moral order which he bases on natural law or providence. The emphasis on tradition implies that social change should be gradual and conform to existing institutions, that human nature is imperfect and fallible, and that human reason is limited with respect to designing society. These factors make conservatism skeptical of ideologies, utopias, theory, and even politics. Although

⁹⁴ The standard anecdote is that Feulner, then a congressional aide was reportedly bewildered that AEI always delivered its reports after Congress had passed a bill supposedly because "they did not want to influence the vote" (Abelson 2002, 39-40).

⁹⁵ It has nowadays become customary to refer to erstwhile conservative political organizations and writers as neoconservative. Strictly speaking however, neoconservatism is a particular school of thought within conservatism. It is useful to distinguish at least three ideologically and historically distinct streams within American conservatism. The first is a revival of classical conservatism of, for instance, Burke in the post-war era. The main representative of this traditional version of conservatism is William Buckley and his *The National Review*, who combined traditional conservative political ideas with economic ideas about free enterprise and anti-statism. Around 1970, a neoconservative strand of thought emerged. Disturbed by the anti-war movement and the New Left, former liberals like Irving Kristol and his *The Public Interest* and others like Daniel Bell, Seymour M. Lipset, and James Q. Wilson fashioned a brand of conservatism that became known as neoconservatism. Its defining feature is to defend an active, interventionist foreign policy through military intervention and support for markets and democratic reforms. On the domestic front, neoconservatism originally stood for a brand of conservatism that sought to reform the welfare state by applying conservative principles. Since 9/11 and the beginning of the Iraq war, neoconservatism has become a catchword for diverse items such as the Republican Party, support for the Iraq war and military interventionism, as well as any other form of conservatism including Straussianism, Evangelical and other Christian involvement in politics. The latter movements, however, represent a third stage within American conservatism that seeks to imbue conservatism with Christian religious elements. They mostly seek to reinforce Christian values in American life and the repealing of liberal regulations regarding education, gay-rights, and abortion. Throughout its recent history, the American tradition of conservatism has had an unmistakably anti-liberal cast.

tradition is often seen as the defining feature of conservatism, it generally serves to legitimize a moral order of society. Conservatives appeal to tradition to show how a particular moral order has evolved and proven itself throughout its history.

The conservative focus on a moral order rooted in tradition also defines the discourse of the Heritage Foundation. One example is *Getting America Right: The True Conservative Principles our Nation Needs Today* (2006) by Heritage's president Edwin Feulner and Doug Wilson.⁹⁶ This book presents a conservative "action plan ... to make America as great as she can and should be" (2). It formulates six conservative principles for appraising policy proposals and government action which are pragmatically framed as questions: Is it the government's business? Does this measure promote self-reliance? Is it responsible? Does it make us more prosperous? Does it make us safer? Does it unify us? It supports these principles by first appealing to tradition and by promoting a moral order.

The tradition that *Getting America Right* appeals to, is the myth of "America." American conservatism – and this is underrepresented in the literature on conservatism – typically refers back to the tradition of America or what is considered American in a grand sense. Its texts are therefore interlaced with references to America and being American:

And what are those core values and principles? They are nothing less than what has made America great. And despite our hotly contested elections and increasingly rancorous partisan disputes, Americans still share fundamental principles. We still support free enterprise, limited government, individual freedom, a strong national defense, and the rule of law. Most Americans still believe in the Ten Commandments as guides for our individual lives. We still stand for such traditional American values as fairness, volunteerism, the primacy of the family, the freedom of worship as we see fit, self-government, and the defining faith that the least among us can rise to the top. (2-3)

The American tradition has proven itself over history: "Our country must ... support the values that have made the United States the exceptional idea it is. These principles have stood the test of time" (7). The easiest way to capture the tradition of America is to go back to its foundational documents. Conservative discourse is replete with references to the Declaration of Independence, the Federalist Papers, the founding fathers, and the Constitution: "These ideas [the core values and principles of America] define our worldview. They are grounded in our founding document, the Declaration of Independence" (3). Not just hallowed relics of the past, foundational documents offer guidance: "we can and must return

⁹⁶ Doug J. Wilson is Chair of Townhall.com, which is a spin-off of the Heritage Foundation.

to the core values and beliefs that built this great nation in the first place” (8). Change should therefore always be gradual and conform to existing institutions: “Change must be evolutionary, not radical or revolutionary. If customs and traditions need to be altered, the new form can’t be imposed from on high” (5). As a corollary, challenging American values is “un-American” or unpatriotic (216)⁹⁷ and endangers social order: “America’s well-being grows from our prime asset: our national character ... Any diminution of that asset is dangerous” (6). While maintaining America’s tradition may not be easy, it offers spiritual rewards: “And if we can do it, we will have summoned the soul of America” (8).

The appeal to America and being American is not just a historical reference, but comprises a distinct moral tradition. The reference to America is not geographic, legal or social, but for a moral order. America stands for values, beliefs, principles, character, an ethos, a way of life, and the good life:

First among society’s little platoons, of course, is a stable, loving family. A host of formal and informal institutions follow ... What they have in common is faith in America’s shared moral order that respects human dignity, inculcates decency, overcomes fear, and inspires people to help one another in times of trouble. We have learned truths through the ages, among them that all individuals seek freedom, that human life has intrinsic value, and that it is unjust to show arbitrary preference for some people over others. (6)

America represents a “shared moral order” that values “free enterprise, limited government, individual freedom, a strong national defense, and the rule of law” (2) and appreciates “traditional American values as fairness, volunteerism, the primacy of the family, the freedom of worship as we see fit, self-government, and the defining faith that the least among us can rise to the top” (3). The imperative is to perfect the moral order inherited from tradition:

The Founding Fathers ... wanted a society that maximized liberty while minimizing license – a moral order inviting people to aspire to do their best, not their worst. To encourage personal virtue and ensure limited government, the Founders placed ethical standards at the very core of the American experiment – standards by which today’s laws, policies, and programs must be measured. (213)

In *Getting America Right* Heritage translates these American values into six pragmatic questions to guide current policy, emphasizing limited government, self-

⁹⁷ The full quote is: “If this vision of America is to endure, we must make sure that our government behaves in accordance with American traditions and values. We cannot allow a nation conceived in true liberty under higher law to tolerate limitless government power; it is a self-betrayal that corrupts not just our leaders but ourselves ... We must realize that nothing is more intrinsically un-American than a system in which bureaucrats and school administrators, not parents, make decisions about a child’s education; one in which government handouts create generational dependencies; or one in which retirement comes not on our own terms, but rather those dictated by politicians thousands of miles away” (Feulner and Wilson 2006, 216-217).

reliance, responsibility, prosperity, safety, and community. The title discursively combines references to American tradition and its inherited moral order, as illustrated by its inclusion of the morally charged term *right*.⁹⁸ The reference to America and “our nation” has an extra appeal, because it addresses everyone with an inclusive “We.” Deriving “what we should do” from “who we are,” gives the rhetoric of Heritage strong moral if not self-righteous overtones: “to make America as great as she can and should be” (2). The effect is that Heritage’s discourse turns into a rhetoric of convictions. It crafts its policy solutions through beliefs rather than political argument, philosophical principle, or scientific research. When it introduces the six questions it does so under the heading *What We Believe*: “Conservatism is a not a religion, not an ideology or a political platform. Conservatism is a set of beliefs that prizes moderation, reflection, tradition, and reason” (4). For Heritage obviously, there is no need to conceal its convictions. On the contrary:

We are not afraid to begin our sentences with the words “We believe,” because *we do believe*: in individual liberty, free enterprise, limited government, a strong national defense, and traditional American values ... As conservatives, we believe the values and ideas that motivated our Founding Fathers are worth conserving. And as policy entrepreneurs, we believe the most effective solutions are consistent with those ideas and values.⁹⁹

The conservative policy discourse of Heritage is thus a discourse of convictions. Its policy agenda is a moral one that aims to impose or restore a moral order on society. Convictions provide moral clarity: “We will never waver in our firm commitment to the principles Americans have always believed in” (7). Moreover, claims and proposals put forward in a rhetoric of convictions tend to appear as self-evident truths. The Declaration of Independence is even cited to reinforce this sense of self-evidence: “we hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable right, that among these are Life, Liberty, and the pursuit of Happiness” (214). For Heritage, this means that: “the liberties it recognizes are grounded in a higher law governing all human laws. This higher law derives not only from reason (its truths are ‘self-evident’), but also from revelation” (215). These appeals to America’s tradition lend an air of self-evidence to the moral order it envisions.

⁹⁸ The term *right* could also of course signify being correct. The book, however, is not organized as a deliberative account weighing fact and logic about issues, but advocates instead solutions that are morally right. Moreover, “right” gainfully plays on being right of center in the political spectrum.

⁹⁹ Heritage Foundation, About the Heritage Foundation. See:

<http://www.heritage.org/About/aboutHeritage.cfm> (last accessed: December 23, 2011)

Having outlined the features of conservative discourse at Heritage, one wonders how the market fits in with this view. As with so much think tank discourse, Heritage does not offer detailed explication of its position on the market. Yet, at the same time one senses a strong commitment to the market. I will show that this is due to the fact that the emphasis on tradition in conservative discourse turns the market itself into a self-evident idea which is normalized as policy. To do this, I show what the market stands for in conservative discourse.

In *Getting America Right*, the market actually gets very little play. In those contexts where it is featured, the idea of the market is presented as part and parcel of the conservative tradition. The imagined conservative answers to some questions of Heritage's six-point conservative agenda all seem to imply the market. "Does it make America more prosperous?" lists a number of impediments to the goal of economic freedom, such as taxes, trade barriers and regulation and argues for free-market policies without calling it such. The following question "Is it the government's business?" is phrased in such a way that one feels compelled to answer it negatively: "No, not if the market can do it." The free-market is the preferred conservative answer, as is clear in this passage concerning the provision of roads:

As conservatives, we regret that the federal government has anything to do with managing roads in San Diego or anywhere else. When politics and bureaucracy intrude on legitimate federal purposes – in this case, national security and national development – stagnation and inefficiency become the rule, special interests prosper, and people suffer. Our preference is always and everywhere for private enterprise. But if government has to be involved, say in providing seed money or launching regionwide systems, then it should at least do the job with market-based principles in mind, as is the case in San Diego. Getting free-market principles established in all forms of public service is a high priority. (20)

A similar logic affects the question about responsible government. While it is ultimately the citizen's task in a democracy to call upon government to be responsible, the authors cannot help but remark that markets enforce responsibility all by themselves: "The free market is ruthlessly efficient at evaluating products and services, by both rewarding successful providers and forcing failures into bankruptcy and another line of work" (106). Also the question "does it promote self-reliance?" referred to by the authors as "the jewel in the crown of American values" (52) implicitly invokes the market. Instead of a "nanny-state" (55) where people are dependent on government, Heritage values self-reliance and "self-government." The Homestead-Act is offered as an example because it gave land to farmers on the condition that they turned it into a successful farm, or the GI Bill which set people up for participation in the market. Similarly, it envisions welfare

reforms that reintegrate people in the market: “Conservatives thus view a poor person not just as someone in need of assistance, but as a worthwhile and unique individual who also yearns to become a productive member of society” (74). The integration of citizens in the marketplace appears to be the prevailing model in large part because it reflects the idea of self-government.

These examples show that although it is constitutive of many conservative policy recommendations, the market remains in the background of the conservative frame of mind. The conservative rhetoric of conviction normalizes the market as policy idea. But what is it in the market that leads Heritage to believe in it so strongly? In the moral discourse of the Heritage Foundation, the answer is obviously that the market is representative of a distinct moral order. The market provides neat and pragmatic shorthand for the moral order Heritage is promoting. Heritage does not promote the market for the sake of economic benefits, but because it serves as an icon of moral order. That moral order is an amalgam of traditional American values such as self-reliance, self-determination, responsibility, prosperity, entrepreneurship, private property, and the rule of law:

We will never waver in our firm commitment to the principles Americans have always believed in. Our country must allow markets to flourish, empower individuals to achieve their potential under the rule of law, and support the values that have made the United States the exceptional idea that it is. (7)

In this way, the market functions in the discourse of Heritage as a convenient template for evaluating policy solutions.

Market-based policies are advanced on moral grounds above all else. For sure, it is acknowledged that markets improve economic performance, but reviewing a number of policy documents on market-based solutions for health care shows that economic considerations are secondary. The market is superior because it brings a certain moral order to health care. Markets are not motivated as policy instruments for achieving objectives like choice or lowered costs, but the market, and choice or competition appear to be valued in their own right. For instance, *The Health Care Choice Act: Eliminating Barriers to Personal Freedom and Market Competition* (Moffit 2006) argues for cross state border buying and selling of health insurance, because markets “offer greater choice, drive costs down, and improve quality and efficiency” (p. 3). The text, however, provides no evidence for the claim that with more competition, deregulation, tax credits, health savings accounts, the market in fact drives down costs and improves quality and efficiency. The market, choice, and competition are instead presented as self-evident and legitimate goals in themselves. They are the elements that together form the moral order, which values self-reliance, individual responsibility, private enterprise, or in short, self-

government. The text therefore concludes: “The Health Care Choice Act would expand personal choice and create robust market competition ... and help individuals and families purchase plans that best comport with their wants, needs, and values” (Moffitt 2006). Choice, competition, and lower costs thus feature in a language, which enable the moral comportment of individuals and families.

A similar thrust belies *A Health Policy Agenda for the House of Representatives*, which advocates “policies that promote personal control over health care dollars, expand consumer choice and competition, and reduce the regulation of health care” (Owcharenko and Moffit 2006, 1). Through choice and competition, markets “enable individuals and families to choose the health benefit packages that best meet their personal needs” (Owcharenko and Moffit 2006, 2). Again, the argument reaches beyond the simple language of choice, wants, or individual preference, and inserts a sense of moral order by propagating self-government. *Getting Health Savings Accounts Right* argues that “Congress should retain a level playing field for free market competition” (Owcharenko 2006, 1). It advocates the establishment of the Health Savings Account because the order of the market is morally fair and independent from government: “The true success of Health Savings Accounts can be tested only in a fair and equitable marketplace in which consumer choice – not the government – determines winners and losers” (Owcharenko 2006, 3). Markets are the preferred moral order because they are compatible with self-government: “Congress should look for other ways to promote market-based health care coverage while remaining neutral to an individual’s personal health care choices” (Owcharenko 2006, 3).

Besides representing a moral order, the market is also better suited to guarding moral convictions. *Patients’ Freedom of Conscience: The Case for Values-Driven Health Plans*, (Moffit *et al.* 2006) for instance, argues for the moral superiority of the market because it better accommodates personal moral convictions and patients’ freedom of conscience. Market solutions, not general ethical policies, are best suited to dealing with ethical issues in health care: “Freedom of conscience – for both provider and patient – should be the rule in health care” (Moffit *et al.* 2006p. 2) and this requires “major reforms that would allow health care in America to function more as a genuine consumer-driven and values-driven market functions” (Moffit *et al.* 2006, Executive Summary). In a “values-driven market,” patients have freedom of conscience because they are not forced to support health-care procedures that they do not approve of but which are part of their insurance package. Markets are recommended because they enable the emergence of values-based health care.

This moral loading of the market challenges the view that the state, government, or the law are best suited to serve as guardian of moral convictions. In a recent discussion over the issue of parental control over television programming, it is argued that the choice and competition afforded by the market is better able than government regulation to let parents guard their children's television viewing. Parents who want to "keep inappropriate or offensive programming out of their homes" benefit most from family-friendly unbundled program packages. Gattuso (2006) believes that the market rather than government regulation will be the first to provide these:

Who is right? No one knows for sure. It is clear though, that policymakers are poorly placed to pick winners and losers from among business models, especially in quickly changing high-tech markets. These questions are best answered in the marketplace, with rival firms testing alternative ways to serve consumers. (Gattuso 2006)

The market is presented as the preferred solution because it promotes self-government and is best attuned to accommodating our moral requirements.

With the market serving as a metaphor for the preferred moral order for society, tinkering with the market amounts to no less than a moral offense. When Congress responded to rising gasoline prices by proposing to make "price gouging" a criminal offense, it was argued by Heritage in *An Immoral Law* that this is "potentially unconstitutional and certainly immoral" (Gaziano 2006, 1). According to Gaziano, "the price mechanism is the bedrock of the American economy" and it is therefore unbecoming to punish "gasoline sellers who are guilty merely of raising prices in a competitive market, which is no moral wrong." In the moral order of the market, intervention is a moral offense. In the discussion on immigration reform, the market is also given a higher moral weight. In *Immigration Reform or Central Planning* (Kane 2006), it is argued that if the Department of Labor decides on labor migration, this constitutes "nothing less than a central planning agency for the U.S. labor market." An alternative model is proposed that relies on a free-market framework for guest workers, which would make immigration dependent on the demands of the labor market. The market is better suited to settling these complicated moral demands and the preferred moral order for society from this perspective.

These examples have served to show that the market at Heritage primarily represents a moral order. In market-based policies, Heritage uses the market as pragmatic and effective shorthand for advocating a complex moral order that values self-government and self-reliance. It finds the sources of this moral order in America's traditional view of itself. Because it is derived from and rooted in this

tradition, the market appears in Heritage's discourse as self-evident. The framing of policy solutions in terms of the market consequently has a normalizing effect.

Conclusion

So much is clear; think tanks have a great many ways of doing things with markets. This chapter provided a survey of the variegated landscape of the discursive market politics at US think tanks. One way to sum up our findings, is to point out that the political performance of the market turned out to be less straightforward than one would have expected. In both the popular narrative on neoliberalism and the political science literature, think tanks are generally portrayed as powerful pushers of neoliberal policies and ideologies. Think tanks are considered particularly well suited at forcing their ideologically motivated policies onto the policy agenda. One might therefore have expected, to borrow a concept from Edelman (1964), a hortatory discursive style that is structured around arguments for or against the market. When starting this research, I was expecting to find spirited arguments in favor of, or sometimes against the market. My survey showed that the think tank discourse about the market, with the possible exception of Okun's (1975) report for the Brookings Institution, hardly abides by that image. Think tanks do not really engage in an academic-style deliberation over the virtues and vices of markets. Instead, I found that the organizations rely on the political performance of the idea of the market to promote the market. Instead of offering a rational discourse delineating pros and cons, their political interventions largely take the form of a discursive politics. This chapter identified some of the strategies employed by US think tanks as part of its discursive politics of the market. Here, I want to take the opportunity to highlight a few points.

First, the discursive politics of the market operates somewhat imperceptibly and takes place in relative silence. I have argued that it proceeds by means of framing. This means that when a policy issue arises, think tanks instantly insert the market as a frame of analysis. The market is not advocated or addressed directly, neither is the market framing put into question. Instead of arguing in favor of a market for education to improve the quality of schools for instance, one employs the idea of the market as a frame to show how schools can improve their performance. This way, the market is silently inserted into the policy discussion by re-framing the issue. I refer to this strategy as *normalization through framing* to indicate that framing normalizes the market. It is not just making the market a normal and familiar figure for a specific policy issue, it also serves as a norm and standard for describing and evaluating those issues. One consequence of this strategy is that

situations that were previously not perceived in market terms, now are. Another implication is that since the market frame is introduced in the background, it remains relatively insulated from criticism. Once a policy issue is framed in market terms, it becomes very hard to contest it, let alone undo the framing. This makes the strategy of normalization through framing very powerful and my reading of the discourse of think tanks suggests that a discursive market politics is potentially much more powerful than advocating the market rationally and upfront.

Secondly, the discursive politics of framing affects our understanding of what it is that think tanks do. Think tanks do not straightforwardly sell us their policies nor do they engage in open ideological battles. Nowhere do they argue their policy principles or ideological viewpoints. Rather, I would claim, their discursive politics is directed at rearticulating new governmentalities. By actively framing policy issues using the market, think tanks in fact seek to articulate a novel governmentality. The imposition of the market frame at once implies a novel view of how to govern. Once again with the exception of Okun's report perhaps, the market framing results in the articulation of a distinctly neoliberal governmentality. As we witnessed with Foucault, the defining feature of a neoliberal governmentality as opposed to its liberal counterpart is its constructivist use of the market. The work of the think tanks discussed here exhibits such a constructivist use of the market and hence articulates a neoliberal governmentality. Think tanks help us formulate new logics of government that are variously legitimated by the market. By framing issues as markets, think tanks engage in the articulation of neoliberal governmentalities.

A third and related aspect of the analysis is that, metaphor and the metaphorical quality of the market proved to be central for the discursive politics of the market. To begin with, the market framings necessarily depend on using the market as a metaphor. The application of a market frame presumes that one first imagines something as a market. The aim of most interventions may be the establishment of real markets as a solution for problems of government, the strategy of framing however first operates through imagining the situation as a market. The application of the market metaphor displaces earlier understandings of the field and serves to redescribe them. As the examples of the market as principle for government at AEI and the market-based solutions of the Heritage nonetheless show, on many occasions policies are not aimed at directly replacing government with the market but instead seek to fashion some part or the whole of government after the image of the market. The market metaphor hence primarily serves to articulate a market-based style of government, or in short, a neoliberal governmentality. To claim that

the market enters as a metaphor does not mean that its use is without real consequences. The application of the market metaphor has multiple real consequences, but as always with metaphors, what exactly is transferred is indeterminate and potentially manifold. Thus, using the market as metaphor for government can either imply the proposal to replace political decision-making with real markets as we saw with the examples of the Cato Institute, to use competition as the central principle of government as was advocated by the American Enterprise Institute, or to have the state institute market-instruments such as Health Savings Accounts as the Heritage Institute had it. As these examples show, neoliberalism's discursive market politics amounts to a very real politics of the market metaphor.

A fourth point follows from the third. We found that the metaphorical characterization of the market in think tank discourse enables the telling of highly divergent political stories that depend on how the metaphor is employed. The contrast between the four think tanks neatly illustrates this. The analysis brought to the fore the way in which each represents the market differently by highlighting particular aspects of the market metaphor or by playing on different metaphorical connotations. The various representations of the market consequently entail different political claims. The following table presents a keyword summary of the discursive market politics as observed at the various think tanks.

Table 4.2: The Discursive Market Politics of Four US Policy Think Tanks

	Image of Market	Metaphor	Relation Market to Politics	Market Politics
Brookings Institution	Efficiency and inequality	Market as game	Compartmentalized	Technocratic
American Enterprise Institute	Competition	Lodestar	Metaphorical	Disciplinary
Cato Institute	(Negative) Liberty and choice	Market as political coordination system	Market as antidote to Government	Anti-government
Heritage Foundation	Moral order	Market as value system	Market as moral form of government	Self-Government

Notwithstanding that the distinctions are not as clear-cut as the table suggests, each policy think tank nonetheless has a different portrayal of the market because they emphasize different aspects of the market metaphor. At Brookings, the portrayal of the market as a conflicted site that brings both efficiency and inequality immediately inserts political concerns over how to reconcile the two entailments. Highlighted by the market-as-game metaphor, a liberal, technocratic political story emerges in which the market is compartmentalized and subjected to political control to prevent or correct unequal distributive effects and safeguard the market's

promise for efficiency. The American Enterprise Institute in contrast, values the market as an embodiment of the principle of competition. In their writings, the market metaphor serves as a guide for a more competitive conception of the organization of government policies. The market imagery at AEI thus primarily serves to advocate a disciplinary order, wherein competition keeps individuals, organizations, and governments in check. Its market imagery is put forward as a means to discipline government. Cato uses the market metaphor to tell a substantially different political story. In its account, the market represents liberty and choice and is portrayed as a superior political form of coordinating individual choice. Hence, the market is advanced as an antidote to any form of government because of its insistent commitment to individual liberty. Heritage, finally, conveys yet another market politics. By portraying the market as the pragmatic translation of an ideal conservative moral order, its market policies are meant to produce a moral order that is rooted in and stimulates self-government.

Finally, the think tank discourse studied thus paints a highly diverse picture of the discursive market politics of neoliberalism. Think tanks can be seen to do a variety of things with the seemingly uncontested economic notion of the market. While their market discourse may on the surface come across as economic and technocratic, it is important to note that think tanks tell highly political stories. Enabled by one single metaphor, think tanks articulate quite distinct political programs. Their respective choice of market imagery, whether it is efficiency, inequality, competition, liberty, choice, or moral values, produces dramatically different discursive politics. The market metaphor is thus for each a way to fashion their own political message and politicizes discourse. The market politics of Cato is not that of Brookings, Heritage, or the American Enterprise Institute. What unites these various politics however is a generally anti-statist orientation. All four grapple with the utility of the market as a suitable model for government. Brookings is a partial exception with its technocratic approach and compartmentalized view of the relation between the market and politics. For all the others, however, the market metaphor is employed to alter and reduce the role of government. While none of them directly advocates completely abandoning government for the market, each is looking for novel, market-oriented ways to limit government. As such we witness the emergence of a distinctly neoliberal reconstructive political agenda that attempts to rewrite our governmentality after the image of the market. The conclusion nevertheless seems warranted that neoliberalism hardly constitutes the single, uniform political agenda described in the popular narrative and that advocates replacing the state by the market. It rather

manifests itself as a more general political strategy that consists of the continuous rewriting of our political imaginary by means of the market metaphor. This chapter has shown that in the case of US think tanks, a seemingly uniform front of the market metaphor masks a divergent set of neoliberal political programs with different implications. If neoliberalism is indeed the new hegemonic ideology of our times (viz. Gamble 2009b), we need to recognize that as far as the contribution of US think tanks is concerned, it amounts to a highly multiform political project. The next chapter will contrast the US experience with policy discourse in the Netherlands to determine whether we can indeed speak of the hegemony and global appeal of neoliberal discourse.

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Chapter Five

Dealing with the Market: Dutch Neoliberal Discourse

... a change had occurred. Suddenly, the public debate was dominated by the market and the benefits of the market mechanism ... The political tide has turned and the search was for “a new mix between the government and market as coordination mechanisms” (Bovenberg 1999: 6). Put differently: a reorganization took place of public and private responsibilities. Abroad, this turnaround was sometimes accompanied by a great uproar (Thatcher, Reagan). In the Netherlands however, there hardly appeared to be a debate ... This did not mean nothing happened. Quietly, dramatic changes have been brought about in a variety of areas. (Wetenschappelijke Raad voor het Regeringsbeleid, *Het Borgen van Publiek Belang* 2000, 17; translation mine)

Introduction

It is often suggested that there are considerable differences in attitude toward the market between the US and Europe. The US is typically portrayed as the hallmark of unfettered free market capitalism while European nations conversely, are depicted as models of anti-market socialism. The contrast is evident for example in the notion of American exceptionalism and the emphasis on liberty, individualism, and laissez faire in the American Creed (Lipset 1996). The perceived opposition is gladly exploited in *Cowboy Capitalism* (Gersemann 2004), a book published by the Cato Institute, that offers a raving review of the superiority of US capitalism while debunking the alleged benefits of Europe-style “comfy-capitalism.” In the academic literature a host of classifications emerged to describe the different political economies of the US and Europe, as “liberal,” “statist,” and “corporatist” political economies (Katzenstein 1985), as “liberal,” “social democratic,” versus “conservative” welfare states (Esping-Andersen 1990), as “liberal market economies” versus “coordinated market economies” (Hall and Soskice 2005), or as a “liberal market” versus “social market” view (Pontussen 2005). Such difference in political economy and attitude toward the market clearly has its repercussions for the analysis of the emergence of neoliberalism (viz. Prasad 2006). If we moreover view neoliberalism as a discursive market politics, then one should expect important differences between different political cultures in the discursive strategies used. To examine the potential difference in the discursive politics of

neoliberalism, this chapter shifts the focus of the analysis from the US toward market discourse in the Netherlands, the latter an example of a 'European' political culture. Is the discursive politics of neoliberalism in the Netherlands comparable to its American counterpart, or is it indeed articulated differently? How do the Dutch do things with markets, and how is it different from what Americans do?

To study the discursive politics of neoliberalism in the Netherlands, I will turn to the discourse of a quintessentially Dutch version of an independent policy institution. Contrary to the US, the Netherlands hardly has any think tanks, nor is there a comparable culture of idea brokerage. One will look in vain for the equivalents of the Heritage Foundation or Brookings Institution and their presence in the public debate via their reports, memos, and appearances in the media or before parliamentary committees. Although think tanks are globally on the rise, they do remain a typical US institution. As if to highlight America's exceptionalism, it is generally believed that the prevalence of think tanks in the US is attributable to the specific characteristics of its political system (Weiss 1992; Stone 1996). There exists in the Netherlands however a type of independent policy institution, the so-called *adviesraad* (advisory council) that is perhaps just as peculiar to the Dutch political system as think tanks are to the American context. Advisory councils in the Netherlands are independent institutions that are established by law to offer independent advice to the Dutch government. Advisory councils have been instituted in a number of policy areas and are composed of relevant academics and experts from the field. Throughout the late 1990s and early 2000s a number of advisory councils prepared reports on market-reforms in the Netherlands. As a way to gauge Dutch discourse on neoliberalism, this chapter charts how these independent policy institutions have represented the market and how they articulate the relation between the state and the market. We will analyze twelve reports, two from general advisory councils, de Sociaal-Economische Raad (The Social and Economic Council of the Netherlands, SER) and de Wetenschappelijke Raad voor het Regeringsbeleid (Scientific Council for Government Policy, WRR), while the others are from sectoral advisory councils. Specifically I will ask how these councils construe the rise of the market and its importance as a key political idea. In addition I will look at governmental concerns that are expressed in the reports. Do we, with the rise of the market, witness the emergence a new, neoliberal governmentality and understanding of the market-state relation in the Netherlands? Is there perhaps a specifically Dutch way of dealing with the market which may alert us to a Dutch version of neoliberalism?

The Depoliticizing Market Discourse of Dutch Advisory Councils

When throughout the 1990s the market gained in importance as a political idea, Dutch advisory councils started to grapple with the new realities. Reports were drafted to assess the significance of the market for various areas of social life. This response may be characteristic of the Dutch political system. Given the importance of the consensus model for Dutch politics and the role of consultation in the corporatist economic model, advisory councils are perceived as a quintessentially Dutch type of political organization (e.g. den Hoed 1995; Lijphart 1999). A series of newspaper profiles of the advisory councils in 2005 for instance, was titled the ‘Radenrepubliek’ (which literally stands for Republic of Councils but is also a reference to the *Soviet Republic*). It evokes the importance of these advisory councils as a sixth power in the Netherlands, besides the *trias politica*, the civil service and the public sphere.¹⁰⁰ Of these councils, de Sociaal-Economische Raad (SER, Social Economic Council) is perhaps the most well-known Dutch socio-economic institution. Together with het Centraal Plan Bureau (CPB, literally the Central Planning Bureau but official English name, the Netherlands Bureau for Economic Policy Analysis), and the Stichting van de Arbeid (the Labor Foundation) it is an icon of the so-called Dutch *poldermodel* in which representatives of both labor and employers jointly determine socio-economic policy.¹⁰¹

Besides the advisory bodies that have become famous for consultation and negotiating macro-economic arrangements, the Dutch political system comprises a group of perhaps lesser known advisory or research councils that specifically function as a transmission mechanism between academia, the state and public opinion. These general advisory councils also have an official legal status within the Dutch political system and their mandate is to provide both solicited and unsolicited council to the government. The most prestigious research council is de Wetenschappelijke Raad voor het Regeringsbeleid (the Scientific Council for Government Policy, WRR). Originally established in 1972 as a council for future studies, its council members are well-established Dutch academics and it provides strategic advice on long-term policy issues, ranging from the future of the welfare

¹⁰⁰ See: Kalse, Egbert, and Jos Verlaan. Schipperen Tussen Overbodig En Ergeniswekkend; De 42 Officiële Nederlandse Adviesraden Vormen de Zesde Macht van de Democratie. *NRC Handelsblad*, July 13, 2005. Others have referred to the advisory councils as a shadow power (Duyvendak en de Jong 2005).

¹⁰¹ Established in 1950 with Jan Tinbergen as its first director, the CPB acts as the central institution for providing economic analysis to support political decision-making in the Netherlands, mostly based on economic modeling. De Stichting van de Arbeid is a private consultation body of labor unions and employers associations.

state, values and norms, European integration, biotechnology, the functioning of government, to immigration issues. Alongside the WRR, there exist so-called sectoral advisory councils for practically every area of government, ranging from transport, to education, health care, and environmental affairs. These sectoral advisory councils can be requested to provide policy advice to the relevant cabinet ministers and their departments.

Around the turn of the century, we witness that many of the above mentioned councils start authoring advisory reports that deal with questions about the market, often upon request of the government. Given that the market increasingly becomes an important neoliberal figure in policy, it does not come as a surprise that the quintessential Dutch institution that does the thinking for the state, start reflecting upon its use for government. In the following, I will analyze twelve reports, published by the SER, WRR and a number of sectoral councils to see how they deal with market. A full list of the reports is contained in appendix 5.1 at the end of this chapter.

Depoliticizing the market

One would expect that the debate over the market is first and foremost a deeply political debate. It is striking to see however how the advisory councils position themselves in the debate over the market. Well aware of the fact that the debate over the market is a political one, the initial response of practically every advisory council is to attempt to de-politicize the debate. Using a variety of rhetorical means, the strategy of many reports is to depoliticize the idea of the market. Half of the reports analyzed, explicitly address the political nature of the debate over the market to subsequently distance themselves from it and so depoliticize the debate. The most common strategy is to put down existing positions in the debate over the market as purely ideological:

In clarifying the debate over privatization, ideology should be shunned. According to some, ideological considerations had too large a role in the recent debate over privatization ... What matters is to assess the various options in a more objective manner and to optimize the quality of the promotion of public interests.

Bij de verheldering van het debat over privatisering moet ideologie worden vermeden. Volgens sommigen speelde ideologie in het debat over privatisering in het recente verleden een te grote rol ... Het komt erop aan de verschillende mogelijkheden op een meer objectieve wijze te toetsen en de kwaliteit van de behartiging van publieke belangen te optimaliseren. (WRR 2000, 22)¹⁰²

¹⁰² All excerpts in this chapter are from policy reports that were originally published in Dutch. When cited, I have provided an English translation that is followed by the Dutch original.

The implied message is that the contribution of the advisory councils to the market debate is beyond ideology and therefore non-political:

Ideological arguments tend to dominate the debate. The latter no longer centers on a clear weighing of arguments, but merely appears as a match between ‘state and market.’

Ideologische argumenten dreigen de discussie soms te overheersen. Daarmee gaat het niet meer om een heldere afweging van argumenten, maar lijkt het slechts te gaan om een wedstrijd tussen ‘overheid en markt’. (WRR 2000, 17)

The reference to “de ideologie van de markt / the ideology of the market” (WRR 2000, 17) often functions as a blanket term and it is typically left unsaid what is meant by it.¹⁰³ It is meant however to derogate unsubstantiated political convictions about or commitment to ‘the market.’ At the WRR it is equated with political dogma: “Here, the council emphasizes, dogmas are to be shunned / Hierbij dienen, naar de raad benadrukt, dogma’s te worden vermeden” (WRR 2000, 10). At the Raad voor Verkeer en Waterstaat (RVW, Council for Transportation and Water Management) one clearly distances oneself from using the market as blueprint and critique of the political whim that often accompanies it:

One decides on blueprints that need to be achieved within a certain period of time and next, one is surprised if a deadline is not met. After which the political system not seldom decides on a postponement or other large-scale measures, often propelled by media-attention following incidents.

Men kiest voor blauwdrukken die binnen een bepaalde termijn bereikt dienen te worden en vervolgens is men verbaasd als dat niet lukt. Waarna de politiek niet zelden besluit tot uitstel of andere rigoureuze ingrepen, veelal aan de hand van media-aandacht over incidenten. (RVW 2004, 11)

The RVW subsequently warns against cherishing the market as an end in itself:

There are quite a few misconceptions when it comes to markets and market reform. First, market reform is often turned into a goal of itself. As was argued above, market reform is not an end in itself, but a means toward an end.

Er bestaan nogal wat misverstanden als het om marktwerking gaat. Ten eerste wordt marktwerking vaak tot doel verheven. Zoals uit het voorgaande blijkt is marktwerking geen doel maar een middel. (RVW 2000, 13)

The examples show that the advisory councils seek to distance themselves from what they see as highly ideological or political uses of the market. The RVW

¹⁰³ The exception is the anti-ideologist, the WRR, who open their account of the market by referring to Quarles van Ufford et. al. (1998, 10) to define market ideology as “the belief that a free market and market forces form in and of themselves a good allocation and decision-making mechanism and that they make (other) political or moral positions redundant, or at least inferior / de overtuiging dat de vrije markt en de marktwerking in zichzelf een goed allocatie- en besluitvormingsmechanisme vormen en dat zij (andere) politieke en morele stellingnamen overbodig maken, of tenminste ondergeschikt.”

literally concludes its report with a recommendation to indeed de-politicize and de-ideologize the debate over the market:

Changes in market ordering of infrastructure related services could, in the judgment of the Council ... benefit from further de-politicization and de-ideologization of the change processes.

Veranderingen in de marktordening rond infrastructuurgebonden diensten zijn naar het oordeel van de Raad gebaat bij een verdere ont-politisering en ont-ideologisering van het veranderingsproces. (RVW 2004, 68)

While none of the reports really engage with the consequences of the alleged political (ab-)uses of the idea of the market, they are invoked to achieve a major rhetorical effect. The attempts to depoliticize their account of the market of course help the councils to impart the impression that they themselves present non-ideological or non-political ways of assessing the market. It gives way to a second round of rhetorical interventions that further depoliticize the idea of the market. The message is that a choice for or against the market can also be made on objective, pragmatic, or rational grounds. The councils stress their impartiality, distancing themselves not only from ideology but from sectoral interests as well:

In the current debate today scientific knowledge is sometimes used in a too fragmentary and selective way. Many positions in the policy debate are characterized by a certain affinity between sectoral interests represented by a particular societal actor and the arguments borrowed from a specific field of science.

In het debat wordt tot op heden nog wel eens te fragmentarisch en te selectief gebruik gemaakt van wetenschappelijke kennis. Veel standpunten in het beleidsdebat kenmerken zich zelfs door een zekere keuzeverwantschap tussen het deelbelang dat de betreffende maatschappelijke actor vertegenwoordigt en de mede aan een bepaalde wetenschap ontleende argumentatie. (WRR 2000, 23)

Although all advisory councils are non-partisan, have no interest group affiliations, are publicly funded, have a statutory base and operate at arm's length from government, they nonetheless seek to establish their impartiality by legitimizing their claims with an appeal to the ethos of scientificness. In an earlier quote the WRR (2000) already presented objectivity as an antidote to the ideological. They see their own contribution mostly as one of clarification as they offer a general framework for analysis:

It raises the question whether it is possible to elucidate the debate over privatization. In this report, the WRR is offering an attempt. This report not only presents a framework for the way we think about privatization. The council also points out what aspects require special attention in the discussion over privatization.

Het roept de vraag op of het mogelijk is om het debat over privatisering te verhelderen. De WRR wil in dit rapport daartoe een poging doen. Dit rapport levert overigens niet alleen een denkkader voor privatisering. De raad geeft ook aan welke aspecten bij de discussie over privatisering speciale aandacht vragen. (WRR 2000, 18)

Another council emphasizes that their approach of offering a systematic framework for answering questions about the market, serves the purpose of rendering decision making less arbitrary and political:

One problem concerning the issue of market and state, is the absence of a framework for a consistent assessment of design and questions of operationalization. This introduces the risk of ad hoc decision making. Emotions and faulty arguments get hence more leeway than is desired. The Council has therefore also set itself to developing a framework, a set of general and more specific considerations, as a guide to answering questions about market and state in the areas of Transport and Water management.

Een probleem bij vraagstukken van markt en overheid is, dat er geen kader bestaat met behulp waarvan inrichtings- en instrumentatievragen op consistente wijze kunnen worden beantwoord. Dat brengt een gevaar van ad hoc beslissingen mee. Emoties en verkeerde argumenten krijgen daardoor meer kans dan gewenst is. De Raad heeft zich daarom ook gericht op het ontwikkelen van een kader, een set van algemene en meer specifieke overwegingen, van waaruit vragen van markt en overheid op de terreinen van Verkeer en Waterstaat kunnen worden beantwoord. (RVW 2000, 10)

The ultimate claim is that because one offers a scientific account, the assessment of the market is no longer a political issue:

So, this report focuses on the how-question (of how to serve public interests). In contrast to the specifically political what-question, the how-question is much better suited for a scientific approach. Many disciplines offer arguments for the optimal promotion of public interests. Besides, the council aims at offering an analysis of the fundamental questions that require clarification before one can decide on a specific allocation of the responsibilities in the promotion of the public interest.

Aldus staat in dit rapport de hoe-vraag (de wijze van behartigen van publieke belangen) centraal. In tegenstelling tot de bij uitstek politieke wat-vraag leent de hoe-vraag zich veel beter voor een verhandeling vanuit wetenschappelijke hoek. Verschillende wetenschappen leveren argumenten voor een optimale behartiging van publieke belangen. Overigens wil de raad vooral een analyse bieden van achterliggende vragen die verheldering behoeven alvorens tot een specifieke toedeling van verantwoordelijkheden bij de behartiging van publieke belangen kan worden besloten. (WRR 2000, 23)

By appealing to the voice of reason and science, the advisory councils counteract the political nature of the debate over the market. By taking a scientific outlook, they imply, thorny political issues can be circumvented in questions such as whether to privatize, or whether to rely on the market or state for provisioning

certain goods. The reports create the impression that issues around the market can be solved by looking for a pragmatic solution which can be found by applying objective, systematic, and scientific reasoning.

This attitude is further reinforced by a third type of intervention aimed at depoliticizing the debate. The advisory councils mobilize a strategy that appears to be borrowed from the discourse of economics, and which seems to be deeply ingrained in their mindset. It consists of an explicit compartmentalization of the political from the economic. The WRR uses it for instance to reframe and demarcate the questions about the market. In their words, when looking at privatization, one needs to make a sharp distinction between the ‘what’ and the ‘how’:

The first thing in the debate over privatization is to clearly distinguish two questions ...: 1. The what-question: for what interests is government in the end responsible? ... 2. The how-question: who carries operational responsibility for the interests for which government assumed final responsibility? ... Anyone not clearly distinguishing between the what-question and the how-question runs the risk of offering the wrong answer to the question posed.

Voorop staat dat in de discussie over privatisering twee vragen helder moeten worden onderscheiden ...: 1. De wat-vraag: voor welke belangen moet de overheid een eindverantwoordelijkheid dragen? ... 2. De hoe-vraag: wie draagt de operationele verantwoordelijkheid voor de belangen waarvoor de overheid een eindverantwoordelijkheid op zich heeft genomen? ... Wie de wat-vraag en de hoe-vraag onvoldoende helder onderscheidt, loopt het risico op de vraag het verkeerde antwoord te geven. (WRR 2000, 19)

The question ‘what’ to privatize is then set apart as a normative, political question that lies outside the purview of the council’s mandate:

The what-question is therefore expressly a political question. That is the reason why this report is not concerned with the what-question, but focuses on the how-question.

Daarmee is de wat-vraag bij uitstek een politieke vraag. Dat is de reden waarom in dit rapport niet de wat-vraag, maar de hoe-vraag centraal zal staan. (WRR 2000, 21)

Normative questions should thus be left to the political system to decide while the councils reserve their scientific deliberations for the how-question. Such a move to separate political from economic questions is reminiscent of the introductory economics textbook reviewed in chapter 2, in which students are admonished to always separate normative from positive claims. It suggests that one can make a clear separation between economics as the objective, scientific study of markets on the one hand and subjective, political goals on the other.

Having depoliticized the idea of the market through this threefold set of rhetorical strategies, the councils have set the tone for their policy discourse on the market. They view their discourse on the market as a pragmatic one that is ideally governed by scientific reason alone. This raises two interesting issues. First, it imparts the view that the market is perceived by them as a potentially dangerous or troublesome political idea. Secondly, it is the view of the policy councils that these political dangers are best tamed by means of scientific reason. Strategies that aim at depoliticizing the idea of the market thus convey some form of apprehension about the market, reservations they subsequently seek to debunk scientifically. This apprehensive attitude with regard to the market, I am claiming, already foretells what is to come later in the reports. Notwithstanding the no doubt rigorous, systematic, and objective reasoning that is to follow, the reader has already entered a frame of mind that is skeptical of the market. Moreover, as such one has also entered a frame of mind that in its non-political way is engaged in a political project.

The Governmental Nature of Market Discourse at Dutch Advisory Councils

To claim that the market discourse of the advisory councils is explicitly depoliticizing the debate over the market, should not be taken to mean that it is not at all concerned with political questions or stops being political. Despite their avowedly a-political stance, the discourse of the advisory councils nonetheless remains political. Drawing on the analysis from the preceding chapters, it is not difficult to see that their discourse is highly governmental in Foucault's sense and that the main function of the advisory councils is to rearticulate a governmental rationality. The depoliticizing of the discourse about the market, thus seems a prelude for the advisory councils to deflect the attention away from an all-out political debate over the vices and virtues of the market, and to rather start approaching the market in a governmental manner. Just as we observed with think tanks in the US, the debate over the market is not in the first place fought in principled, normative political terms, but rather takes place at the level of articulating governmental rationalities. The governmental nature of the discourse of advisory councils is immediately clear when one browses through the contents of the reports. Appendix 5.3 to this chapter contains a summary of the reports analyzed. The thrust of all reports is to ask how to govern and they in particular look at answers to the question of how to govern vis-à-vis the market. A quick look at some of the titles of the reports, such as *Tussen Markt en Overheid* (Between Market and State, RVZ 1998), *De Overheid de markt in- of uitprijzen*

(Pricing/Prizing Government in and out of the market, *ROB* 1998), or *Markt en Overheid* (Market and State, *SER* 1999) immediately make clear that they are concerned with the issue of the market and its relation to government.

The overriding concern with questions of government and governmental rationalities, is most evident when one reviews the various research questions and main arguments of the reports. Take for example a report by RVW (2000) titled *Meer Markt, Andere Overheid* (More Market, Different Government). It begins by asking a clear governmental question: “When is the market better than the state at supplying services and what needs to be accounted for / Wanneer kan de markt beter in het aanbod van diensten voorzien dan de overheid en waarop moet dan worden gelet” (RVW 2000, 4). What is the best way of governing transport and infrastructure services and what benefits are there to a market supply of these services? The report subsequently argues that in many cases the market is better than government at governing the supply of public services because it better accounts for the demands of the public in terms of innovation and differentiation. The report therefore advocates an increased role for the market in the sector of transport and infrastructure. As the title of the report indicates this however implies a different governmental rationality. More market in this sector, requires a different government that directs affairs from a distance. The report therefore ends by recommending that an increased role for the market in the provisioning of social goods, entails a changed role for government:

The Council therefore pleads for drastic restriction of the ‘performance task’ of the Ministry of Transport and Water Management ... A retreat from executive functions will for both the individual citizen as society only be advantageous if government explicitly shapes its original task – to order, govern, supervise, and adjudicate ... The Council wants to make clear in this advice that further market-reforms are in the interest of the customer, provided that government is adequately able to execute its task of protecting citizen and society against unintended consequences.

De Raad pleit dan ook voor vergaande beperking van de ‘presterende taak’ van het ministerie van verkeer en waterstaat ... Het zich terugtrekken uit de uitvoering zal zowel voor de individuele burger als voor de samenleving alleen voordeel opleveren als de overheid haar eigenlijke taak – het ordenen, sturen, controleren en arbitreran – expliciet vorm geeft ... De Raad wil in dit advies helder maken dat verdergaande marktwerking in het belang is van de klant, mits de overheid op adequate wijze invulling weet te geven aan haar taak om burger en maatschappij tegen onbedoelde effecten te beschermen. (43)

Thus, this example of the RVW shows that the debate over the market figures for the advisory councils in fact as a debate over government and how to govern.

Recalling the analysis from the first two chapters about the modern, liberal governmentality, at least on the surface of it, the policy discourse of the Dutch advisory council seems to neatly conform to it. As was argued, the modern liberal governmentality was predicated upon a naturalist view of the market, entailed a governmental view of politics, and reserved a governmental role for economics. The policy reports of the advisory councils in many ways exude a similar modern, liberal spirit. The various interventions that served to depoliticize the debate over the market for instance, could be seen as clear attempts to somehow naturalize the debate over the market with a view of invoking a modern, scientific examination of questions of government. Moreover, these interventions had the effect of refocusing the attention to the governmental questions concerned. The depoliticizing discourse of the advisory think tanks thus very much appears to confirm the modern liberal governmental outlook.

A closer look at the types of questions that are being asked in the reports and the sorts of answers that are being offered however shows that they sit somewhat uneasily with the modern liberal rationality of government. Table 5.1 printed below presents a summary of the research questions of the various reports. While they do not per se challenge the emphasis on scientific government or a governmental approach to politics, the reference to the market and government of the market is somewhat un-modern. Going over the questions makes clear that the market no longer performs the role of the naturalist market as it did in the modern liberal governmentality. Note that the reports are not concerned with questions of how to govern a given natural market. Rather the overarching question is to account for how the market functions as a means of government. The Raad voor Openbaar Bestuur (Council for Public Administration, *ROB* 1998) studies the conditions under which the provision of public services can safely be subjected to market forces. The SER (1999) offers advice on how to govern the market activities of the state. De Raad voor Volksgezondheid en Zorg (The Council for Public Health and Health Care, *RVZ* 1998, 2003a, 2003b, 2004) asks in many different ways how market forces can be harnessed to govern the supply and use of health care. How can one have market forces in the health care sector and still regulate supply? How can suppliers be moved to offer better care, or how can market forces be used to control costs. De Onderwijsraad (The Education Council, *OR* 2001a, 2001b) examines the extent to which market forces are and could be at play in education and how this affects its governance. The RVW (2000, 2003, 2004), as we already saw, studied the applicability of the market for the provision of infrastructural services in the Netherlands. What emerges from these examples

then, is that the reports are asking how the market is to be utilized for conducting governmental tasks.

Table 5.1: Summary of Research Questions of Dutch Advisory Reports

Report	Research Question
ROB (1998)	Under what circumstances can the provisioning of public services be subjected to market forces?
RVZ (1998)	How to deal with the tension between the market and the regulation of supply in the provisioning of health care?
SER (1999)	What legislation is needed to regulate market activities of the state (concerning the so-called Market-Government problem)?
RVW (2000)	Under what circumstances is the market better at supplying transport and infrastructural services than the government?
WRR (2000)	In the context of privatization, how should public and private responsibilities be assigned in the promotion of public interests, so they are secured best?
OR (2001a)	What are the wishes, possibilities and consequences of employing private resources for public education
OR (2001b)	To what extent are there markets and market forces at play for education and what are the implications for the relation between education, the state and the market?
RVW (2003)	What lessons can be learned from recent negative experiences around the introduction of markets for the ways in which the market is being introduced in infrastructural services?
RVZ (2003a)	What conditions, means and incentives are needed to move health care suppliers to account better for health care demands?
RVZ (2003b)	Should more competition and market forces be introduced for the provision of specialist medical care, or should the current system of supply regulation be continued?
RVW (2004)	How to improve – given negative results in terms of prices, quality and choice – the effectiveness of changes in market order of infrastructural services?
RVZ (2004)	To what extent are the levels of health care consumption in the Netherlands appropriate and what, if any, additional incentives are needed to prevent needless health care consumption and control health care costs in a system governed by market demand?

One by one, I have been trying to show, the reports inquire whether or how the market can be turned into an effective tool of government. I want to emphasize that this is quite different from how the market has traditionally been approached in the modern, liberal view of government. There the market was seen as having a natural domain of economic conduct and government was conceived of as some limited form of control over that domain. The liberal rationality of government stated that government action should be limited and is only warranted when the market in some way is perceived to fail. The liberal rationality of government was predicated on a strict compartmentalization between the market on the one hand and technologies of government on the other. The developments addressed in the reports which all revolve around the governmental use of the market, thus appear to violate a naturalist understanding of the market and the neat compartmentalization between the market and government. While the reports are unmistakably governmental in their approach and exude a decisively modern liberal ethos, they are in this important respect not liberal in the classic sense. Their

focus on the market as a means of government, rather than its object, I want to argue, make them sooner examples of a neoliberal governmentality.

Despite their modern liberal spirit the reports appear to be dealing with markedly neoliberal questions. The reports are considering the various ways in which the market could be used as a means of government and they offer various recommendations of how to govern with the market. One by one then, I contend, they are attempting to understand, and possibly shape or rearticulate this new type of political reason. The policy discourse of the advisory councils should therefore be understood as a response to the emergence of a neoliberal, governmental political rationality. Grappling with typical neoliberal questions, the advisory councils formulate as best as they can, a well-balanced response for their governments. In doing so, I think, the reports are each in their own way looking for ways to rearticulate that neoliberal rationality of government. They are seeking new ways to understand and legitimize the relation between the market and the state, now the market is being incorporated as a means of government. Throughout the reports, the state unmistakably continues to be presented as the center of government and in this respect the advisory councils have a highly statist discourse about the neoliberal market. At the same time however, the questions present a departure from a purely state-centered conception of government. The challenge that the advisory councils find themselves confronted with, is how to account for this new reality. While they express clear hesitations about the limitations of the market as a form of government, the advisory councils also recognize its governmental virtues and seek for ways to accommodate these in the governmental continuum. In the next section, I will consider some of the discursive strategies used by the advisory councils to deal with the emerging neoliberal rationality of government.

Playing with the Discursive Politics of Neoliberalism

In the preceding section I have been arguing that the reports of the advisory councils could be read as articulating a response to an emerging neoliberal rationality of government. While the advisory councils are not directly engaged in newly formulating a neoliberal governmentality, their interventions for the most part consist of reshaping or rearticulating the neoliberal rationality of government or at least offering some legitimization to it. Since this thesis approaches neoliberalism as a discursive politics of the market it may be interesting to analyze whether and how the advisory councils deal with it. The advisory councils may not rely on a discursive politics of the market to newly articulate a neoliberal

governmentality, they nonetheless have to take heed of it while formulating their response. This section therefore examines how the advisory councils deal with and mobilize the discursive politics of neoliberalism in formulating their response.

Adopting the Market Metaphor

The reports appear strikingly aware of the discursive nature of the market. Notwithstanding their official and serious style, the reports somewhat self-consciously toy with the market metaphor and appear at points happy to embrace its discursive qualities. The reports seem comfortable with the idea that ‘the market’ is often used metaphorically instead of in a strictly literal sense and they sometimes willfully exploit the space it creates. A first indication is the ubiquity of puns on ‘the market.’ What is one to think of titles of reports such as *De overheid de markt in- of uitprijzen* (Pricing/Prizing Government in or out of the Market, ROB 1998) or *De Markt Meester* (The Market Superintended, OR 2001), and *Vraag aan bod* ((Sup)Plying Demand, quoted in RVZ 2003).¹⁰⁴ Just as these puns rely on ‘the market’ as a metaphor to get their points across economically, the market metaphor is equally important in the policy debate. The reports exhibit a fair amount of self-reflection with regard to the non-literal, metaphorical uses that the market is often being put to in the policy debate. ‘The market’ is repeatedly referred to in quotation marks so as to suggest that one is not referring to literal markets. One reason why reports bring up the metaphorical quality of the market is to distance themselves from gratuitous and blanket references to the market. Some reports put in a few caveats on how ‘the market’ sometimes functions as a theoretical abstraction:

The theoretical concept ‘market’ generally refers to the market structure of perfect competition. Economic theory describes this type of ‘market’ as a situation in which many suppliers compete with one another to sell their products to a large population of consumers. It is further characterized by homogeneous goods (no product differentiation), perfect and costless information for all parties, the absence of barriers of entry for new producers, and free pricing.

Onder het theoretisch begrip ‘markt’ wordt over het algemeen de marktvorm volkomen concurrentie verstaan. In de economische theorie wordt deze ‘markt’ omschreven als een situatie waarin vele aanbieders met elkaar concurreren om hun producten te slijten aan een grote populatie consumenten. Daarbij is er sprake van een homogeen product (er is geen productdifferentiatie), perfecte en kosteloze informatie voor alle partijen, er zijn geen toetredingsbelemmeringen voor nieuwe producenten en er is sprake van vrije prijsvorming. (RVZ 1998, 18)

¹⁰⁴ It refers to a cabinet note: Tweede Kamer der Staten Generaal. Nota Vraag aan Bod: hoofdlijnen van vernieuwing van het zorgstelsel. Den Haag: Sdu Uitgevers, handelingen 2001-2002. No. 55, 3754-3783.

As part of this theoretical abstraction, it is the image of the perfectly competitive market that is on everybody's mind:

In case one or some of these conditions are not satisfied, a market structure emerges such as a monopoly (single supplier), an oligopoly (few suppliers), or monopolistic competition (many suppliers with some product differentiation). This means that the theoretical concept 'market' has many faces.

Wanneer aan één of enkele van deze condities niet is voldaan, ontstaat een andere marktvorm zoals bijvoorbeeld een monopolie (één aanbieder), een oligopolie (enkele aanbieders) of monopolistische concurrentie (vele aanbieders en een beperkt gedifferentieerd product). Dit betekent dat het theoretisch begrip 'markt' verschillende gezichten kent. (RVZ 1998, 18)

By highlighting that the market sometimes figures as a theoretical abstraction, the reports convey that practical policy advice cannot be guided by abstractions alone and that the abstract markets needs some translation and adaptation.

Other than as theoretical abstraction, the reports also highlight that the market metaphor tends to be such a powerful and iconic idea, and hence is referred to as 'the market.' From the reports 'the market' emerged as a contentious sign in the supposedly ideological debates over the market. As we saw above, the desire to depoliticize the market, was accompanied by an attempt at reducing the metaphorical power of the idea of the market. The WRR does this for instance when ending its report with an epilogue in which it calls for re-framing the market issue not as a debate over 'the market,' but as one over public interests:

To pose the question in terms of 'pro' or 'contra' is however characteristic of the way these issues are debated, which is ideologically either for or against 'the market.' The question is also characteristic of how most proposals about privatization have been argued by the government. It is the position of the council that over the past years, the government has too often made an ill-considered and inadequately prepared choice for the market, in which one insufficiently accounted for (the need to secure) the public interests that were at stake.

Deze vraag naar het 'voor' of 'tegen' is overigens wel kenmerkend voor de manier waarop het debat vaak wordt gevoerd, namelijk ideologisch voor of tegen 'de markt'. De vraag is ook kenmerkend voor de wijze waarop veel voorstellen voor privatisering door de overheid zijn beargumenteerd. De raad is van oordeel dat de regering de afgelopen jaren te vaak te ondoordacht en te onvoorbereid een keuze voor marktwerking heeft gemaakt, zonder dat zij zich van de (noodzaak van borging van) in het geding zijnde publieke belangen voldoende bewust is geweest. (WRR 2000, 162)

The example then indicates that one consciously or not senses that part of the political power that surrounds the market is due to its discursive force. The idea is that when one misguidedly falls for the metaphorical appeal of the market, one falls prey to an undesirable political project. The way I interpret this, is that the

WRR here is resisting neoliberalism by trying to avert the discursive market politics on which it depends. The references in the reports to 'the market' are one way to protect themselves from the appeal of the market metaphor.

There is however a second, more positive sense in which the reports have adopted the market metaphor and deal with the discursive politics of neoliberalism. Some of the reports explicitly allude to the potential discrepancy between the real, literal market on the one hand and the metaphorical market on the other. The difficulty many reports run into is that there is a continuous disjunction between the market imagined in policy and the reality of those markets. They point out that even while the idea of the market dominates policy discourse, reality is in fact quite different. The RVZ for instance makes the point that the market dreamt up by policy-makers does not conform to what happens in reality:

In fact, a choice has been made to uphold the system of supply-regulation, while the policy rhetoric continues to refer to marketization. This tension is evident from the poor communication between government and players in the field, unclear division of responsibilities and duties, confusion over mutual expectations, and a lack of transparency, supervision and monitoring.

Er is feitelijk een keuze gemaakt voor handhaving van het systeem van aanbodregulering, terwijl in de beleidsretoriek van marktwerking sprake blijft. De spanning blijkt uit gebrekkige communicatie tussen overheid en veldpartijen, onduidelijke verdeling van verantwoordelijkheden en taken, verwarring over de verwachtingen over en weer en uit een tekort aan transparantie, toezicht en controle. (RVZ 1998, 36)

The observed disjunction between market-talk in policy and the market in reality takes many forms. For instance in policy there is talk of a market, while in reality there is in fact none, or only a watered-down version of a market, as is the case in the area of education:

At the moment, there is no 'real' education market, even though the education sector is increasingly described in market and business terms (such as 'management,' 'production,' 'output,' 'education consumer,' etc.) and even if educational policy has for some time been aimed at strengthening the influence of the market ... Although the education market has traditionally had market features – schools compete for students, students can choose freely among schools – it does not satisfy most of the conditions mentioned for optimal market performance. In practice, government has considerable influence over both supply of education and demand for education, which significantly reduces the decision opportunities for suppliers and the choices of consumers. That is why the education market is every so often referred to as a quasi-market.

Er is dan ook op dit moment van een 'echte' onderwijsmarkt geen sprake, ook al wordt het beschreven van onderwijs in markt- en bedrijfsmatige termen steeds gebruikelijker (termen als 'bedrijfsvoering', 'productie', 'output', 'onderwijsconsument', enzovoort) en ook al is het onderwijsbeleid sinds enige tijd

gericht op het versterken van de invloed van de markt ... Hoewel de onderwijsmarkt van oudsher wel degelijk marktkenmerken heeft - scholen concurreren om leerlingen, leerlingen kunnen vrij tussen scholen kiezen - wordt aan de meeste van de genoemde voorwaarden voor optimale marktwerking niet voldaan. De overheid heeft in de praktijk een aanzienlijke invloed op zowel het onderwijsaanbod als de onderwijsvraag, wat de beslissingsmogelijkheden voor aanbieders respectievelijk de keuzemogelijkheden voor de consument sterk beperkt. De onderwijsmarkt wordt daarom wel een quasi-markt genoemd. (*OR* 2001b, 19)

Another disjunction between imagined and real markets happens when policy makers recognize a market in the field, where in reality one would hardly refer to it as such:

One of the subfields is specialist medical care. It is an area that is been dominated by hospitals and the medical professions. To use market terminology, it is a suppliers market, even though the image of the market is not immediately evident.

Een van die deelgebieden is de medisch specialistische zorg. Het is een gebied dat wordt gedomineerd door ziekenhuizen en medische professies. Om in markttermen te spreken is het een aanbiedersmarkt, maar het beeld van een markt dringt zich niet meteen op. (*RVZ* 2003b, 9)

Other complications are observed too. An interesting example is when attempts at creating a market inspired by the market metaphor, is frustrated by real market forces:

Especially with regard to the extremely difficult reform trajectories around pricing, the contracting out of public bus-transport, and the liberalization of the taxi market, the disappointing results can often also be explained from the complexity of the reform process, where one did not sufficiently anticipate the undesired behavior of parties in the 'market.' Moreover, no clear priorities were set to secure public interests.

Met name als het gaat over de uiterst moeizame verandertrajecten rondom beprijzen, het aanbesteden van openbaar busvervoer en het liberaliseren van de taxi-markt, is het tegenvallende resultaat vaak ook te verklaren vanuit de complexiteit van het veranderproces waarbij onvoldoende werd geanticipeerd op de ongewenste gedragingen van partijen in de 'markt'. Bovendien zijn ten aanzien van de te borgen publieke belangen geen heldere prioriteitskeuzen gemaakt. (*RVW* 2004, 34)

In yet other contexts it is felt that the metaphorical market is not just more encompassing than what it refers to in reality. Here is an example where the market is a metaphor – or to be more exact a metonymy – representing something that is in fact something larger:

In accordance with its use in common parlance, the concept 'market' will in what follows be used to refer to the private sector, unless when explicitly stated otherwise. It should moreover be noted that the private sector comprises more than the market as specified. There are in fact many forms of private dealings, in which

there is no or little room for the exchange mechanism of the market; here one could think of the efforts of non-profit organizations. The market is an important, but not the only modality of the private sector.

In overeenstemming met het algemeen spraakgebruik zal in het vervolg het begrip 'markt' steeds op de private sector worden betrokken, tenzij uitdrukkelijk anders wordt aangegeven. Hierbij zij verder bedacht dat de private sector meer omvat dan de markt in genoemde zin. Er zijn immers vele vormen van privaat verkeer, waarin het ruilmechanisme van de markt geen of een beperkte rol speelt; men denke aan het werk van non-profitorganisaties. De markt is een belangrijke, maar niet de enige modaliteit van de private sector. (*WRR* 2000, 26)

The general sense is that in many areas of public service covered by the reports, market reform in the first place comes across as an imaginary project that only later has real consequences. We do speak about the market in policy but upon closer inspection, it is only used to refer to something that has market-like features at best:

The label under which the reform processes in infrastructure sectors have been categorized is: the promotion of the market or marketization. Closer inspection of the reform processes that were initiated under this label, shows that these in many cases have little or nothing to do with 'real' market forces, meaning freeing competition (liberalization) and/or the transfer from the public to the private sector (privatization).

De noemer waaronder de veranderingsprocessen in infrastructuurgebonden sectoren zich voltrekken heet: het bevorderen van marktwerking. Nadere beschouwing van de veranderingsprocessen, die tot dusver onder deze noemer zijn ingezet, leert echter dat zij in veel gevallen weinig tot niets met 'echte' marktwerking te maken hebben, in de zin van vrijgeven voor onderlinge concurrentie (liberalisering) en/of het overbrengen van de publieke naar de private sector (privatisering). (*RVW* 2004, 12-13)

This dizzying encounter in all reports between the metaphorical and the literal market points, I think, in one direction. The advisory councils keep stumbling over the inescapable metaphorical nature of the market reform policies that they are supposed to advise their governments about. And moreover, that when it comes to the relevance of the idea of the market for their respective areas, the advisory councils seem to claim that 'real' markets or 'real' market forces are generally hard to conceive if not inconceivable. Thus, they also state that the application of the idea of the market always remains to some extent metaphorical:

The direction of 'shared governance' as depicted in the previous section, conforms in its outlines and principles with the coalition agreement [of the current government]. The Council moreover observes that the [government] parties in doing so implicitly indicate that they are not intent on making 'real' markets the leading principle for the ordering of the health care system.

De koers van ‘gedeeld bestuur’ die in de vorige paragraaf is geschetst, spoort op hoofdlijnen en uitgangspunten met het regeerakkoord. De Raad constateert verder dat de paarse partijen daarmee impliciet aangeven dat zij ‘echte’ marktwerking niet tot het leidende principe voor de inrichting van de gezondheidszorg maken. (RVZ 1998, 3)

The constant resurfacing of the market metaphor and their subsequent struggle with it, I take to be a sign that the advisory councils are in fact dealing with formulating their view on what are in my view, neoliberal market measures. They are trying to work their way around a fundamentally neoliberal political space that was opened up by the market metaphor. While they have perhaps not been the authors of the discursive politics of neoliberalism, they cannot escape dealing with some of its aftermath. This is how the reports have adopted the metaphorical markets of neoliberalism.

At this point, one might perhaps get the impression that advisory reports contain nothing but metaphorical talk about the market. And, that my view of neoliberalism entails that the market is always only a metaphor. Or worse, one might think that neoliberalism or the governmental advice of the councils in my view amounts to nothing else but idle market talk and has no purchase on the real world. This would be a misrepresentation however of the discourse of the advisory councils, and my view of neoliberalism. The point that I want to make is that it is at the intersection of the metaphorical and the literal where neoliberal measures perform their function. There is no point arguing that neoliberalism is about metaphorical markets. The point is that neoliberalism mobilizes metaphorical markets with a view of having real consequences. This is what I mean when I refer to neoliberalism as a discursive politics of the market.

To see how neoliberal market discourse works with the metaphorical market, I want to highlight two aspects of it. The first is that the metaphorical market enables the reconstruction, redescription and thus rearticulation of certain situations. The market metaphor makes it possible to construct or reconstruct social situations in terms of a market and thus brings about neoliberal market constructivism. The second aspect is that the market metaphor enables a particular form of metaphorical play, which I will refer to as metonymic slides. I will discuss these briefly using some examples from the reports.

Market Constructivism and Incomplete Markets

In chapter 3, it was argued that neoliberalism relies on a constructivist view of the market. The constructivist view of the market is a corollary of the idea of a

metaphorical market. Before providing some examples from the reports I want to explain very briefly how the market metaphor is critical for neoliberal market constructivism. The basic definition of a metaphor is that it applies a concept from one context to another.¹⁰⁵ It enables one to start seeing things as markets, where they first were not conceived as such. To use a category of metaphor introduced by Klammer and Leonard (1994), one could say that the market metaphor functions as a constitutive metaphor in that it becomes the conceptual framing through which we understand the world at hand. It is this way that metaphorical markets enable market constructivism. When taking stock of the market for health care, education, or transport for instance, there is always some kind of metaphorical transfer. As soon as the market metaphor is somewhat successful in its application, it starts to reconfigure the meanings in the domain of application and hence animates a process of market constructivism. The application of the market metaphor enables a reconceptualization and reconstruction of the original domain. It is important to note however that the constructive work of metaphor is always to some extent, unpredictable. It is never clear in advance how the use of a metaphor will pan out. What novel meanings will it generate, and which images do not catch on. As a consequence of the ambiguous nature of metaphors, the reconstructions it begets also take many forms. As long as the metaphor stays active or alive, its constructions are always in a sense incomplete. The market metaphor is thus at the same time an enabler of market constructivism, but also warrants its incompleteness. Metaphorical markets are constructed markets and at the same time, incomplete markets.

Neoliberal market constructivism always rest on the arduous work of metaphor. To give an example of the discursive politics involved, consider a report by the Council for Health and Health Care, suitably titled *Van Patient tot Klant* (From Patient to Customer RVZ 2003a). As the title suggests, the report consists of an active reconstruction of the health care system after the image of the market. More in particular, it focuses on redescribing the patient using its market-equivalent: a customer. The report asks what conditions, means, and incentives are needed to move health care suppliers to better account for the demands of health care users. It recognizes that the current health care system is only incompletely framed as a market. It is, so the report opens, a suppliers market:

At the moment, the market for health care resembles a suppliers market. Options for choice are limited and therewith the possibilities for influence by health care

¹⁰⁵ For a useful introduction to the function of metaphor in economics, see Klammer and Leonard (1994).

users. Health care providers therefore take too little account of the wants of health care users. This has to change.

Momenteel vertoont de zorgmarkt de kenmerken van een aanbiedersmarkt. De keuzemogelijkheden en daarmee de beïnvloedingsmogelijkheden van zorggebruikers zijn beperkt. Zorgaanbieders houden daardoor nog te weinig rekening met de wensen van de zorggebruiker. Dit moet veranderen. (RVZ 2003a, 9)

To the extent in which the health care system is actually like a market, the council's concern is not in the first place that it is an incomplete market, but that it is wrongly so. They recognize that the health care market is still by and large a metaphorical market, and while they do not have a problem with that, their real concern is that the metaphorical market is plied the wrong way. Their intervention is therefore to reapply the market metaphor and to reconstruct it such that patients will become seen as customers:

Patients (clients in health care) have to become as much as possible customers just as in most other sectors of society. Markets and competition in health care are indispensable for this. This means for instance that there should be sufficient supply of care; a slight overcapacity of professionals is required.

Patiënten (cliënten in de zorg) dienen zoveel als mogelijk klanten te worden zoals dat in de meeste andere sectoren van de samenleving het geval is. Marktwerving en concurrentie in de zorg zijn hiervoor noodzakelijk. Dit houdt onder meer in dat er voldoende zorgaanbod moet zijn; een lichte overcapaciteit aan professionals is nodig. (5)

To achieve this, they re-invoke the market metaphor and reapply it to the health care sector:

This chapter depicts the position of the client in the health care sector. Its position is not identical to that of clients in other sectors ... Health care clients do not have the same position as consumers in other sectors. In other sectors, consumers usually have the option to choose whether or not to purchase a certain good. He decides to buy a car or to book a flight, takes the good or service and proceeds to pay ...

Dit hoofdstuk schetst de positie van de cliënt in de zorgsector. Deze is niet dezelfde als die van de klant in andere sectoren ... De cliënt in de zorgsector heeft niet dezelfde positie als de consument in andere sectoren. In andere sectoren heeft de consument doorgaans de mogelijkheid te kiezen of hij een bepaald product wil kopen of niet. Hij besluit een auto te kopen of een vliegreis te boeken, neemt het product of de dienst af en gaat tot betaling over ... (15)

The council here attempts to construct the consumer perspective by comparing health care consumption with buying of a car or an airline ticket. It tries to figure out how quality controls (e.g. the function of reputation, the use of protocols, and performance indicators) that govern air travel purchases could be translated to the

health care sector. It then recommends some suggestions as to how to replicate exchange-relations (notably by introducing payment relations, and options for consumer choice) in the health care sector, however without actually having to introduce many other market mechanisms that govern the market for airline travel. The metaphorical transfer thus remains incomplete. Borrowing demand side imagery from the market for cars or airline tickets is a way to guide demand side interventions in health care markets. The market for cars or airline tickets is hence invoked as a metaphor with the aim of only rearticulating the consumer side of the health care sector.

The example serves to show how the market metaphor enables market constructivism in the health care sector. The example however also points out that the market construction is in many ways an incomplete construction and that the health care market remains somewhat of a metaphorical market. While there are a number of features of the health care system that are adequately referred to in terms of the market, there are also some features that do not fit that description. There may be goods exchanged, prices paid, and forms of competition, but prices do not come about through supply and demand, nor are suppliers led by the profit-principle in all their production decisions. The 'health care market' thus in the end remains a metaphor, because market construction is incomplete:

In everyday practice of the Dutch health care system there are in fact no complete markets, but behavior that is more or less market-conform. With this term one indicates that elements from the market or market forces – like competition, entrepreneurship, risk taking, decision making by individual producers and consumers – are applied within the framework of government regulation. Since these elements derived from the market are surrounded by all sorts of conditions, and protective and directive regulation, they never amount to real markets, but to entrepreneurship within a policy system that is directed towards public objectives.

In de dagelijkse praktijk van de Nederlandse gezondheidszorg is eigenlijk nooit sprake van volledige marktwerking, maar van meer of minder marktconform handelen. Met deze term geeft men aan dat aan de markt of aan marktwerking ontleende elementen - zoals competitie, ondernemend handelen, het lopen van bedrijfsrisico, besluitvorming door individuele producenten en consumenten - worden toegepast binnen het kader van overheidsregulering. Aangezien deze aan marktwerking ontleende elementen omgeven worden door allerlei randvoorwaarden en beschermende en sturende regelgeving is er geen sprake van echte marktwerking, maar van ondernemerschap binnen een op publieke doelstellingen gericht beleidssysteem. (RVZ 1998, 3)

The council in the end recognizes that even when their play with the metaphor will ultimately be successful to transfer demand side features, the health care market remains a metaphor for an incomplete market. Their conclusion is therefore: "Health care is not a regular market / De zorgmarkt is geen gewone markt" (15).

Since the health care market is not yet and will perhaps never be a regular market, it remains in an important sense a metaphorical market. This is not to say that the wielding of the market metaphor is without real consequences. Since the publication of the report, starting in the beginning of 2006, the Netherlands has adopted a new system of health care provisioning that is explicitly geared toward the demand side imagery as promoted by the council.

The Market Politics of Metonymic Slides

Other than its importance for market constructivism, there is a second aspect of metaphorical markets that is essential for understanding how neoliberal discourse performs. It is a consequence of the claim that the application of the market metaphor is nearly always incomplete. Because of it being incomplete, the metaphorical market also invites a conceptual play of what I call, metonymic slides around the market. In general terms, metonymy refers to the phenomenon that a concept, in our case the market, is used to represent a related concept or represents one or more of its constituent parts.¹⁰⁶ We already saw that in a metaphorical transfer only some elements of the concept the market are transferred to another context. Sometimes, we also see that the opposite occurs. The term ‘market’ is used while one in fact only refers to a related concept or one of its constituent parts. Thus ‘the market’ is used, while one in fact only means to refer to ‘competition,’ ‘demand,’ ‘supply,’ ‘pricing,’ or ‘efficiency’ and ‘innovation.’ One speaks of markets while one in fact only refers to one of its constituent parts. To pick up from an earlier quote from the RVZ:

Market conform: this term is used to indicate that elements derived from the market or market forces – such as competition, entrepreneurship, the running of risk, decision making by individual producers or consumers – are applied to the framework of government regulation.

Marktconform: Deze term wordt gebruikt om aan te geven dat aan de markt of aan marktwerking ontleende elementen - zoals competitie, ondernemend handelen, het lopen van bedrijfsrisico, besluitvorming door individuele producenten en consumenten - worden toegepast in het kader van overheidsregulering. (RVZ 1998, 19)

¹⁰⁶ I reserve the general rhetorical term metonymy to refer to all figures of speech in which one uses one concept to refer to a related concept. The term synecdoche is normally used to denote a very specific metonymic slide, namely the so-called *pars pro toto*, the situation in which a part is used to refer to the whole (example: using ‘wheels’ to refer to a ‘car’). I am here primarily concerned with the opposite of metonymy (to use ‘market’ when referring to ‘competition’ or ‘consumer choice’), where the part is used for referring to the whole. For this there exists no specific term, other than perhaps, *toto pro pars*. See: Lanham (1991).

Metonymic slides can take either direction. Either the term market is used while one refers only to one of its parts, or one observes certain market-like features and starts identifying them with a market:

Can competition contribute to a better securing of public interests within the public domain? The answer to this question depends on what one means by competition. If competition refers to a market structure in which parties are financially held accountable for their performance and in which bankruptcy is a real possibility, than there is little room for competition within government. When competition is however seen as a form of rivalry without a settlement by the price mechanism in financial terms, than there are more opportunities.

Within government the price mechanism can have a certain function, for instance for internal settlement of services that are provided by support units within a department. This way transparency of the organization could be improved. In this case, the price mechanism performs an auxiliary function and is therefore completely different from one on a normal, competitive and private market

Kan concurrentie bijdragen aan een betere borging van publieke belangen binnen het publieke domein? Het antwoord op deze vraag hangt af van wat onder concurrentie wordt verstaan. Wordt onder concurrentie die marktvorm verstaan waarbij partijen financieel worden afgerekend op hun prestaties en een faillissement tot de reële mogelijkheden behoort, dan is er voor concurrentie binnen de overheid weinig ruimte. Wordt concurrentie daarentegen vooral gezien als een vorm van competitie zonder het bij het prijsmechanisme behorende ‘afrekenen’ in financiële termen, dan zijn er meer mogelijkheden.

Binnen de overheid kan het prijsmechanisme op zich een zekere functie hebben, bijvoorbeeld bij de interne verrekening van diensten die worden geleverd door faciliterende onderdelen van het departement. Op deze manier kan de transparantie van de organisatie worden vergroot. Hier functioneert het prijsmechanisme echter vooral als hulpconstructie en derhalve op een geheel andere wijze dan op een normale, concurrerende private markt (WRR 2000, 95)

A corollary of the market metaphor, metonymic slides form the heart of the performativity of the market in policy discourse. The precise form of how the reports manage to rearticulate the neoliberal governmental rationality is ultimately determined by their metonymic slides. The metonymic slides then determine the rearticulation of how exactly the market is made into a tool of government. Dependent on the exact form of the metonymic slide chosen, the rearticulations take quite a distinct form. If, as was the case with *Van Patient tot Klant* (From Patient to Health Care Customer, RVZ 2003a), the market slides towards demand side imagery, the report ends up rearticulating the health care system towards greater emphasis on demand. Market imagery that is based on freedom of choice, for example, or consumer sovereignty is thus likely to result in different rearticulations than imagery based on efficiency (productive or allocative), innovation, or competition and price.

Table 5. below lists some of the metonymic slides that were encountered in the various reports. While by no means an exhaustive list, it shows the various ways in which the market metaphor is used to rearticulate neoliberal governmentalities. The recorded variety is indicative of the multiplicity of neoliberal articulations. No report brings up the same metonymic slides, and while they all draw on the image of the market, none of them tells quite the same story. It shows how multifaceted neoliberalism can be. And, it shows how creative the discursive politics of the market metaphor is. There appear to be many different ways in which one governs with the market.

Table 5.2: Examples of Metonymic Slides in Dutch Advisory Reports

Report	Market Imagery Used
ROB (1998)	Freedom of choice Efficiency Innovation / creativity
RVZ (1998)	Catering to consumer needs Freedom of choice
SER (1999)	Undistorted Competition
RVW (2000)	Competition Catering to consumer needs
WRR (2000)	Competition Safeguarding public interest Efficiency Consumer interests
OR (2001a)	Alternative funding resource
OR (2001b)	Catering to consumer needs Efficiency Quality of product Alternative funding resource
RVW (2003)	Competition Demand driven incentives Private responsibilities
RVZ (2003a)	Catering to consumer needs Payment relation Freedom of choice Discipline supply through Exit
RVZ (2003b)	Catering to consumer needs Demand driven incentives Discipline supply Efficiency
RVW (2004)	Competition Private responsibilities Freedom of choice Consumer interests
RVZ (2004)	Disciplining Demand and Supply Improved Performance

Based on the various possible conceptual slides that could be witnessed around the use of the market concept in the reports, one could try to draw up a general classification of the imagery used and list the type of reconstruction it proposes.

Although not all of these were represented in the reports, going over the various attributes of the market, one could imagine at least six different categories of metonymic slides emanating from the market metaphor. One set of slides emphasizes everything that is related to demand. Markets cater to the needs of the consumer, markets improve choice, and markets enable consumers to choose as they like. This was the imagery we saw being mobilized by the Council for Health and Health care. In the US context, the imagery of choice figured prominently in the discourse of the Cato Institute. This type of imagery enables a specific type of reconstruction of the governmentality. With its emphasis on the demand side, one could identify it as a discursive politics of consumer sovereignty, or alternatively as a democratic or market populist type of politics.

A second set of slides focuses on the aspect of competition. It equates markets with competition. It encompasses a rich set of sub-categories, ranging from efficiency, to innovation or entrepreneurship. Markets are identified with competition and its potential beneficial effects. When focusing on this aspect of the market one uses it to advance a disciplinary politics in which markets are seen as stimulating efficiency, higher quality, lower prices, entrepreneurship, creativity, or innovation. In the US, we encountered the discursive politics of markets as discipline at the American Enterprise Institute. A third category of slides puts the focus on goods. Market imagery helps to imagine certain activities as goods or services. By imagining a market for health care for instance, care is turned into a fungible or alienable good. This slide gives way to a politics of what is called commodification. This aspect was not encountered in the policy debate, but figures importantly in debates over the market in moral philosophy for instance (e.g. Radin 1996 or Walzer 1983). Another category of market imagery could for instance concentrate on exchange as a central feature of markets. It focuses on the role private contract and the voluntary private nature of exchange in markets. It gives rise to a politics of commensuration or a politics of social contract. A different category that could be envisaged to emerge from the market, draws on the imagery of pricing and money. It was encountered in the reports of the Education Council, where the market was equated with money and seen as an alternative source for funding. Here one can imagine a politics that revolves around monetization, but also a politics of measurement. A final category of market imagery that I would like to bring up, draws on the archetypal image of the market, the invisible hand. It brings in images that relate to the idea of the market as a self-regulating system. It brings in notions such as the spontaneous and voluntary order of the market, the idea of a market mechanism, which guides behavior behind everyone's backs. It

emphasizes that the market order governs each and everyone without the need for a central authority or other form of monopolies of power. Invisible hand imagery activates a politics of what I label, auto- or self-government. It is the powerful idea that the market presents a form of rule or government that governs itself and has no need for a separate ruler or government. This politics of auto-government is perhaps the most appealing of all market politics imaginable.

By way of summary, table 5.3 presents a provisional list of the various types of market imagery brought forward here. It also indicates how these may translate in specific political imaginaries or market politics. I have been emphasizing that the discursive politics of the market metaphor is less neat, complete, and rather more unpredictable than this orderly table suggests. It should therefore be read as a non-exhaustive and unsystematic inventory of some of the most obvious discursive politics that the market calls forth. It hopes however to provide a more comprehensive sense of what the discursive market politics of neoliberalism amounts to.

Table 5.3: The Discursive Market Politics

Imagery	Market Politics
Demand Imagery: Cater to needs of consumers / Choice / Freedom of Choice	Consumer Sovereignty / Democratic / Market Populist
Competition Imagery: Efficiency (Cost – efficiency; Allocative – efficiency) / Entrepreneurship / Quality / Differentiation / Innovation / Information	Discipline / Selection
Goods Imagery: Fungible goods / Private goods	Commodification
Exchange Imagery: Private contracting / Voluntary exchange	Commensuration / Contract
Price Imagery: Payment / Funding / Valuation	Monetization / Measurement
Invisible Hand Imagery: Self-regulating system of goods provisioning or decision making / spontaneous order / voluntary order / mechanism / non-domination	Auto-Government

Coming to terms with Neoliberalism in the Netherlands

So far, our analysis has mostly focused on how the advisory councils responded to the emergence of a neoliberal governmental rationality and adopted the market metaphor to do their own thing with the market. To go beyond this more technical account of the anatomy of neoliberal discourse and get a more general sense of how the Dutch deal with neoliberalism, I want to draw the attention to two striking rhetorical figures within this discourse. Together, I would like to argue, they could

be considered the master tropes of Dutch neoliberal discourse. The first trope is ‘marktwerking’ and the second, ‘borgen van publiek belang.’

The Trope of ‘Marktwerking’: a euphemism

There is one particular metonym of ‘the market’ that is so widespread and popular in Dutch market discourse, that it deserves special attention. It is the Dutch term, *marktwerking*. While the Dutch mention *marktwerking* a lot, it is actually very hard to translate it into English. Literally, the postfix *werking* translates as working, operating or functioning. *Marktwerking* thus translates as the functioning of the market. One way is to refer to it as ‘market forces’ to convey that markets are active and do something. In Dutch parlance, one speaks of introducing *marktwerking* in a sector or that a sector should be subjected to *marktwerking* (ROB 1998, 4). *Marktwerking* should be promoted or improved. *Marktwerking* is seen as having positive effects as it improves the efficiency of a sector, stimulates innovation, or guarantees that needs of consumers are better catered to. What is puzzling about *marktwerking* is how a term that has no real equivalent in another language can be so important within Dutch policy discourse about the market?

The term ‘marktwerking’ is very popular in Dutch policy discourse. Three out of the sample of twelve reports mention *marktwerking* rather than the market in the title of their report. Table 5.4 presents a frequency count of all words related to the market in the reports studied. *Marktwerking* ranks second and trails the market. Rather than referring to the market, the reports just as often refer to *marktwerking*. Why do the Dutch prefer *marktwerking* and what does it tell us about Dutch market discourse? Unlike for instance the term ‘the marketplace’ which is a popular idiom in English, ‘marktwerking’ is not exactly a synonym for ‘the market.’¹⁰⁷ The following quote from one of the reports underlines that *marktwerking* is not synonymous with the market:

More competition and more *marktwerking* do not imply that medical care is unreservedly delegated to the market.

Meer competitie en meer *marktwerking* betekenen niet dat de medische zorg zonder meer wordt overgelaten aan de markt. (RVZ 2003b, 6)

¹⁰⁷ I am arguing that the term *marktwerking* is not an idiomatic peculiarity of the Dutch language. US or Anglosaxon discourse on the market, for instance is replete with references to ‘the marketplace’ and one could similarly wonder why this term is so popular. The term marketplace however is a synonym for ‘the market’ and used on occasions, whereas in Dutch one would refer to ‘the market.’ That Anglosaxon discourse on the market reverts to the marketplace where one in Dutch uses the market, I would describe as an idiomatic phenomenon. As I will argue, *marktwerking* while specific to the Dutch idiom is not strictly a synonym but rather functions as a metaphor.

Table 5.4: Frequency Distribution of ‘Markt’ and ‘Marktwerking’

	ROB 1998	RVZ 1998	SER 1999	RVW 2000	WRR 2000	OR 2001b	OR 2001a	RVW 2003	RVZ 2003a	RVZ 2003b	RVW 2004	RVZ 2004	Total
Markt(en)	77	46	98	150	245	295	37	8	23	60	67	6	1112
Marktwerking	85	83	5	38	53	247	13	11	35	192	48	10	820
Marktactiviteit(en)	0	0	195	0	0	0	0	0	0	0	0	0	195
Marktordening	1	0	0	0	5	0	0	11	1	0	80	0	98
Marktpartij(en)	19	3	3	7	6	10	0	1	1	0	18	0	68
Market	0	1	0	31	2	7	0	0	1	10	0	1	53
Marktwerkingsbeleid	0	0	1	0	0	28	0	0	0	0	0	0	29
Marktmeester	0	0	0	0	19	0	0	0	0	5	4	0	28
Marktmechanisme(n)	11	1	0	3	10	0	0	0	0	0	0	0	25
Marktconform(e)	2	9	4	0	1	0	0	0	6	0	1	1	24
Marktpositie	0	1	3	0	0	2	2	0	0	1	6	0	15
Marktfalen	1	2	0	0	4	7	0	0	0	0	0	0	14
Markets	0	1	0	2	3	5	0	0	0	2	0	0	13
Marktmodel	0	11	0	0	2	0	0	0	0	0	0	0	13
Marktoptreden	0	0	10	0	0	0	0	0	0	0	0	0	10
Marktverhoudingen	0	3	0	0	1	0	0	1	0	2	3	0	10

The important difference is that rather than a synonym, marktwerking functions as a metonym. Just as the metonymic slides discussed above, marktwerking is referred to as one aspect of the market. As the example above shows, marktwerking is not a synonym for ‘the market,’ but stands on par with ‘competition’ and is a way to address the ‘what’ of what the market does. In relation to the metonymic slides of the market such as competition, one could claim that marktwerking acts as some kind of generic metonym for the market. It appeals to any of the images of markets identified above. Hence, in the reports the many different metonymic slides of the market return. Marktwerking is for instance equated with the ‘market mechanism’:

The concept ‘marktwerking’ is used in the advice request, in the interpretation of the Council, to refer to the discovery of the use of the market mechanism as an instrument to realize public goals, through which the classic relation between the market and government changes.

Met het begrip ‘marktwerking’ wordt in de adviesaanvraag, zo interpreteert de Raad, bedoeld op de ontdekking en het gebruik van marktmechanismen als instrument om publieke doelen te realiseren, waardoor de klassieke verhouding tussen markt en overheid verandert. (ROB 1998, 11)

Or, relying on invisible hand imagery, *marktwerking* is used as a shorthand for the process of decision making:

Marktwerking means that decisions over production, consumption, and distribution of goods and services are taken by individual producers, consumers and owners of the means of production. Price and quality play an important role.

Marktwerking houdt in dat de beslissingen over produceren, consumeren en verdelen van goederen en diensten worden genomen door de individuele producenten, consumenten en bezitters van de productiemiddelen. Daarbij spelen prijs en kwaliteit een belangrijke rol. (RVZ 1998, 18)

Most often however, *marktwerking* is used as an alternative for competition:

Secretary [of education] Hermans defines [*marktwerking* in education] as follows: ‘*Marktwerking* is catering to the needs of society through competition among providers ... *Marktwerking* is good when it leads to competition over quality.’

Minister Hermans definieert [*marktwerking* in het onderwijs] als volgt: ‘*Marktwerking* is in concurrentie met andere aanbieders inspelen op behoeften in de samenleving ... Goede *marktwerking* is wanneer op kwaliteit wordt geconcentreerd.’ (OR 2001b, 29)

As we saw, *marktwerking* is often mentioned in conjunction with competition, as they both convey what markets do: “Should we continue moving in the direction of competition and *marktwerking*? / Moeten we nog wel de kant van competitie en *marktwerking* uit?” (RVZ 2003b, 5). But *marktwerking* is also associated with the trio of consumer sovereignty, efficiency, and innovation:

When [to apply] *marktwerking*? In general, the market has better means of knowing what people want than government. The market also stimulates more efficiency. The Council is of the opinion that *marktwerking* (using supply and demand for the coordination of economic decisions) is especially relevant for innovation and differentiation of products and services.

Wanneer *marktwerking*? In zijn algemeenheid beschikt de markt over betere middelen om te weten wat mensen willen dan de overheid. De markt stimuleert ook meer tot efficiency. De Raad vindt *marktwerking* (gebruik maken van vraag en aanbod voor de coördinatie van economische beslissingen) vooral van belang voor innovatie en differentiatie van producten en diensten. (RVW 2000, 4)

With the term ‘*marktwerking*’ one apparently makes the same metonymic slides as one does with ‘the market.’ Nonetheless, the need is felt to use an alternative term. If *marktwerking* summons the same metonymic slides, why not use the market instead? My reading is that ‘*marktwerking*’ acts as a convenient and euphemistic metaphor for ‘the market.’ Using ‘*marktwerking*’ is a convenient way to highlight that references to the market are mostly metaphorically. *Marktwerking* is thus an important rhetorical figure for economically expressing that one is not in the first place concerned with the real market, but with market-like constructions. As the

following example shows, *marktwerking* is used not to advocate the market per se, but the use of market-like instruments that hopefully achieve market-like outcomes:

Marktwerking leads, allegedly, to ‘more, cheaper, and better’: more freedom of choice for citizens as consumer, cheaper for the consumer because competition counteracts monopolies and price-fixing, and better because competitive pressure forces market actors toward creativity and innovation.

Marktwerking leidt, zo wordt beweerd, tot ‘meer, goedkoper en beter’: meer vrijheid in keuze voor de burger als consument, goedkoper voor de consument omdat monopolieposities en prijsafspraken door concurrentie worden tegengegaan en beter omdat de druk van de concurrentie de marktdeelnemers tot creativiteit en innovatie aanzet. (ROB 1998, 112)

Thus with *marktwerking* one gets the market, without getting a ‘real’ market nor the charged abstraction of ‘the market.’ *Marktwerking* is hence a convenient way to work with the market as a metaphor.

Conceived as such, the trope of *marktwerking*, I think, performs three important functions. First, it functions as a political euphemism. In line with what was argued above, *marktwerking* is an ideal trope for depoliticizing the debate over the market. By referring to *marktwerking* instead of the market, one may circumvent political resistance to the market. *Marktwerking* then serves as a true euphemism as it allows one to speak about the market, while avoiding political or ideological contestation. Sounding more neutral, *marktwerking* is less of a political red flag than the market. Consider for instance the following statement:

On the other hand, the Council estimates that both the introduction of real *marktwerking* and the return to classical supply side regulation can count on a lot of resistance and will prove difficult to execute.

Van de andere kant schat de Raad in dat zowel de introductie van echte *marktwerking* als een terugkeer naar de klassieke aanbodregulering op veel weerstand zal stuiten en moeilijk uitvoerbaar zal blijken te zijn. (RVZ 1998, 27)

Marktwerking essentially acts as a euphemism for the market and is thus another way of depoliticizing the debate over the market. In this fashion, it primarily serves to defuse existing reservations about the market. By speaking euphemistically about ‘*marktwerking*’ one circumvents potential resistance against the market.

Second, *marktwerking* could be considered a policy euphemism. By speaking of introducing *marktwerking* one can advocate market-like solutions without going all the way and introduce complete, real markets. As we saw in the examples above, *marktwerking* is a way of saying that only some aspects of the market are introduced. In the health care sector, demand side incentives were introduced, without also privatizing or liberalizing the supply side. With *marktwerking* one

aims at stimulating either choice, competition, pricing, innovation, or the outsourcing of public services, without necessarily introducing all aspects of a market. Read this way, *marktwerking* is a shorthand for playing the market metaphor and the construction of market-like structures and incomplete markets. *Marktwerking* is hence not only politically more amenable, but also as a policy euphemism. Inspired by the image of the market, *marktwerking* promises only some market-like solutions for social problems.

Third and most importantly, *marktwerking* may be read as a quintessential neoliberal trope. The trope of *marktwerking*, I argue, is particularly important because it is an excellent way of articulating neoliberal policy solutions. It is in the first place a neoliberal trope, because it is a very efficient means for conveying the metaphorical nature of the market. As I have argued above, *marktwerking* is just another way of restating the market metaphor, as it only brings in a number of market-like features. Where I have been arguing that neoliberalism is the politics of the market metaphor, *marktwerking* thus seems to be precisely expressing that. There is however a second, more important reason why *marktwerking* is a neoliberal trope par excellence. The figure of *marktwerking* is an economical expression for market-based policies that are in essence however government measures. *Marktwerking* is another word for market-based government policy. Rather than proposing to delegate tasks to the market or to liberalize markets, *marktwerking* imparts the suggestion that it amounts to some kind of governmental policy. It is reflected by the fact that the reports invariably present *marktwerking* as a tool of government: “Government policy aims at *marktwerking* / Het overheidsbeleid zet in op *marktwerking*” (RVZ 2003a, 36). Moreover, *marktwerking* is something that is enacted by states and which occurs under the control of the state. That is for instance why one report can speak of a “model of *marktwerking* under the direction of government / model van *marktwerking* onder regie van de overheid” (WRR 2000, 71). *Marktwerking* thus appears to be shorthand for using the market as a means of government and this we identified as one of the defining features of neoliberalism. Reiterating the distinction between liberal and neoliberal modes of government, the former assumes that markets exist by themselves and are the object of liberal government control, while under the latter markets are constructed and are seen as a means of government. *Marktwerking* as a mode of government then appears to abide much more to the latter logic of government than the former. Hence, it is a perfect trope for articulating neoliberal rationalities of government.

Given these considerations it is no surprise that the trope of ‘marktwerking’ is relatively popular in Dutch policy discourse. It appears to achieve two things at the same time. On the one hand it is a depoliticized euphemism for the much more politically contested, ‘the market.’ More important however, it is a crucial term for rearticulating a neoliberal governmentality. Operating in a context in which a neoliberal governmentality is being questioned and rearticulated, it offers the Dutch advisory councils a convenient way to address neoliberal questions. While it allows them to discuss neoliberal measures, the trope of marktwerking also ties in with a deep-rooted statist desire in Dutch governmental discourse. The reason for its popularity in the Netherlands, I gather, is then that it could be construed as the quintessence of an emphatically state-controlled, neoliberal governmental rationality.

The Trope of ‘Borgen van Publiek Belang’: a Dutch Twist

To end the analysis at this point and conclude that the political discourse about the market in the Netherlands is neoliberal in character, would be to leave out perhaps its most vital aspect. Despite the evident neoliberal nature of the discourse of advisory councils, there is an important subtext to all reports. It is a thread that runs from one of the earliest of the reports (*ROB* 1998) up to the last (*RVW* 2004) and emerges practically in every report to increasingly become a central frame of reference. The subtext I am talking about is a discourse that revolves around the trope of ‘borgen van publiek belang,’ safeguarding of the public interest. This trope became a central frame of reference after a report of the same title by the *WRR* published in 2000 in which the doctrine of borgen (safeguarding) was systematically developed. The report is concerned with the relation between the private and public domain and studies how public interests can best be safeguarded when the tasks of government are increasingly being privatized. Its aim is to develop a comprehensive framework to guide questions of privatization:

This report is concerned with the relation between public and private. It deals with the question how public interests – meaning societal interest for which government carries final responsibility – can best be ‘safeguarded,’ in the sense of ‘preventing that something loosens or gets lost.’ A central theme in this area is the issue of privatization. As is known, numerous government services have been transferred to the private sector and further possibilities are being considered ... The debate over privatization however has not been resolved yet and sometimes there is some concern about earlier results ... With this report, the council aims to clarify the debate over these issues.

Dit rapport gaat over de verhouding publiek-privaat. Het behandelt de vraag hoe publieke belangen – dat wil zeggen maatschappelijke belangen waarvoor de overheid de eindverantwoordelijkheid op zich neemt – het beste zijn te ‘borgen,’

in de zin van “beletten dat iets los of verloren gaat.” Een kernthema is hierbij ‘privatisering.’ Zoals bekend zijn tal van overheidsdiensten overgebracht naar de private sector en worden verdere mogelijkheden hiertoe gezien ... Het debat over privatisering is evenwel niet afgerond en soms is twijfel ontstaan over eerdere resultaten ... De raad beoogt met dit rapport het debat hierover te verhelderen. (WRR 2000, 9)

As the excerpt shows, the report deals with a quintessential neoliberal problem set, which is to see what tasks of government could be marketized. According to the WRR the debate over privatization is too often cast as a binary “contest between government and market / een wedstrijd overheid – markt” (WRR 2000, 11). The whole effort of the report is to displace this binary contest and replace it by a novel governmental logic. The quote however also shows that the logic of *borgen* has been inserted from the outset into that neoliberal problem set.

What does the logic of *borgen* entail? ‘Borgen’ in Dutch means to safeguard, secure or guarantee. It is used in a context for instance of a safety hook, pin or chain, but also for a security deposit, guarantee and even bail. The central principle of the WRR report is that the issue of privatizing government services should always be approached from the perspective of how to secure or safeguard the public interests that are at stake. This is what the metaphor of *borgen* is meant to insert. The assumption underlying the WRR’s logic of *borgen* is that questions of privatization should hence always be measured against whether and how the public interests are safeguarded. This is for instance the reason why the report proceeds by dissecting the issue of marketization into two separate issues, labeled the “what” of privatization and the “how” (WRR 2000, 19). First, when considering privatizing government services, it should be determined – as part of the “what” question – what public interests are at stake. Second, one should look for the best way of “how” to procure these. An important governmental contribution of the report is to emphasize that there exists a variety of mechanisms for securing the public interest in executing government services, some of which are public and others private. The report refers to these protection mechanisms as “borgingsmechanismen” (safety or security mechanisms). Since neither public nor private organizations necessarily always aim at protecting the public interest, they require these *borging*-mechanisms so as to discipline them:

It is therefore necessary to discipline organizations in such a way that the protection of public interests is safeguarded.

Het is derhalve nodig organisaties zodanig te disciplineren dat de publieke belangenbehartiging wordt veiliggesteld. (WRR 2000, 110)

In the report basically four disciplinary mechanisms for safeguarding the public interest are distinguished: rules, competition, hierarchy, and institutional values.¹⁰⁸ The idea is that every ensemble of private and public organizations can be disciplined to promote the public interests, either by means of regulation, through competition, via hierarchical commands, or because of values that are intrinsic to a certain institution (e.g. professionalism or care) or a combination thereof. Practices and institutions should be designed such that relevant borging-mechanisms safeguard the public interest.

What is the governmental rationality that is articulated through the logic of borgen? First, borgen signals the inherently governmental nature of the debate. It recognizes that government can take place through a number of practices or institutions and that these institutions need not all be centered in the state, but also branch out into the private sector. Secondly, borgen evidently figures within a decisively neoliberal logic of government. The issue of borgen only arose in response to the increased privatization of public services. It is only because one started considering to govern through the market, that the notion of borging-mechanisms became relevant. The trope of borgen should hence be seen as a clear response to the emergence of a neoliberal governmental rationality.

While definitely a corollary to an emerging neoliberal governmentality, the trope of borgen is however not a resounding affirmation of this rationality, but rather an attempt at rearticulating it. The trope of borgen should be interpreted as a way of resisting neoliberalism, or at least as an attempt at domesticating it. The trope of borgen and the discussion of borging-mechanisms is a way of trying to rein in neoliberal policy measures and to return them to servicing the public interest. As such it is an attempt to reassert public control by the state over the neoliberal market. This reading is confirmed by the connotation of the term 'borgen.' The notion of borgen is obviously predicated upon the idea that something might get lost. As quoted above, the WRR defined borgen as "preventing that something loosens or gets lost / beletten dat iets los of verloren gaat" (WRR 2000, 9). The trope of borgen is hence a clever rhetorical means of reasserting the government's control over neoliberalism and an attempt at aligning it again with the public interest. The discourse of safeguarding of public interests is in the end, I argue, a reactionary discourse that is marked by a resistance to neoliberalism. With the trope of borgen, the WRR and the advisory councils that

¹⁰⁸ These borgingsmechanism have some distant affinity with Hirschman's (1970) famous distinction between exit, voice, and loyalty. They seem somewhat closer connected to Williamson's transaction cost perspective (viz. 1975 and especially 1999).

adopted it, are effectively trying to turn a debate over the market back into a debate over public interests. With its discursive attempt to bring in the concept of public interests to counter and displace a neoliberal governmental rationality that was slowly getting a hold of the Netherlands, the WRR report seems to have captured a broader sentiment. Given its impact over the discourse of the other advisory councils, it appears to have voiced a central concern. It seems therefore warranted to claim that the trope of *borgen* could be read as a quintessentially Dutch twist to an otherwise neoliberal governmental rationality.

A Dutch Neoliberal Governmentality?

Presenting a Dutch twist, the trope of *borgen* raises the question whether there is such a thing as a specifically Dutch version of neoliberalism. Is there a specific Dutch way of doing things with markets? Throughout this chapter, I have been arguing that the advisory councils are concerned with a neoliberal set of problems since they are formulating a response to what role there is for the market in government. This type of research question was seen to be clearly neoliberal, because it did not ask the liberal question of how to govern the naturalist market but was concerned with how the market could be used as a means of government. Thus following the Foucauldian mode of analysis, the type of questions are clearly neoliberal. Even though the reports were perhaps not actively constructing a neoliberal governmentality, they are nevertheless actively rearticulating the emerging governmentality. Are there any indications that the neoliberal governmentality articulated by the advisory councils is in any way specifically Dutch?

As we saw in chapter 3, when developing his ideas on neoliberalism, Foucault discerned at least two versions of this new governmentality. They are the neoliberalism of the German ordoliberals and the American neoliberalism of the Chicago School of for instance Gary Becker. Both consisted, according to Foucault, of a new articulation of the relation between market and state. Both approaches, he argued, departed in different ways from a classical liberal conception in which the market presented a natural limit to government. The German and American versions of neoliberalism departed from classical liberalism by relying on a constructivist stance towards the market and because they in different ways turned the market into a norm for government. For the German ordoliberals the market is the political ideal of social conduct, but since the market is not always ideal, good government consists of creating the conditions for a well-functioning market. The market in their view thus needs to be constructed socially

and institutionally. For the Chicago School the market is also the norm of political conduct, but their constructivism consisted of using the market as a general frame of intelligibility for social policy. Neoliberals of the Chicago School type reconstruct the social and political worlds invariably as a market. In both versions, the market has become the regulative idea of government.

While unmistakably neoliberal, the discourse of the advisory councils does not fit easily into either the German or American category of Foucault. While it carries some features of both, it does not let itself be reduced to either one. There are some clear ordoliberal overtones in the Dutch debate. This is reflected for instance in an emphasis on issues of market structuring (“ordenings-vraagstukken”). Many reports set out to study how to order the market so it can perform its public tasks. The subtitle of a report by the RVW (2004, emphasis mine) literally refers to market-ordering, while neatly mixing in the trope of borgen: “on the safeguarding of public interests and effective management of change in the *market-ordering* of vital infrastructural sectors / over de borging van publieke belangen en effectief trajectmanagement bij veranderingen in de *marktordening* van vitale infrastructuurgebonden sectoren.” All reports advocate a clear role for government in ordering and regulating the market in order to secure socially desirable outcomes. One can also distinguish an ordoliberal rationality in the omnipresence of what could be labeled ‘supervision’-discourse about the market. Many reports argue that the introduction of the market or market forces should always be accompanied by establishing a market-authority (“toezichthouder”) that regulates and supervises the market. Both the discourse on market structuring and supervision, reflect the ordoliberal logic of reconstructing the social world, so that the market can better deliver its benefits. The state has a clear role in structuring the market, and in part derives its legitimacy from it. Not surprisingly perhaps, the Dutch debate exhibits a number of German or ordoliberal features.

On the other hand the policy discourse also provides evidence of neoliberal tendencies, which resemble those of Foucault’s American neoliberalism, which was characterized by the imperial extension of the market and its norms of governance to other spheres of life. This was found in the active redescription or reconstruction of existing social practices in terms of the market. Above, we already saw how the images of markets serve to reconstruct certain social practices. I discussed in somewhat more detail, how in *Van Patient tot Klant* (RVZ 2003a) the image of consumer sovereignty and freedom of choice was used to reconstruct parts of the health care system in terms of the market. Even though the report recognized that the actual institutional setting would never come to resemble

that of a 'real' market, it nevertheless established the market, or some image thereof, as norm for this institutional hybrid. Other images have similarly been invoked to reconstruct a certain social sphere of life in market terms. The RVW (2000) for instance raises the image of competition to argue for increased competition over and on infrastructural projects, because of its contribution to consumer sovereignty and efficiency. The market has clearly been extended to spheres of social life that were previously not seen and governed as such.

Dutch neoliberal discourse thus emerges as a specific hybrid of Foucault's German and American neoliberalism. To put it crudely, it uses American neoliberalism for extending the market to novel domains of social life, but it does so in a very German fashion. The lesson is therefore that the various neoliberal governmentalities are not monolithic and hegemonic entities but easily meet and mix to form local, interlocking neoliberal governmentalities. There is however one aspect which, I think, is specifically Dutch and this is the uniform emphasis on the safeguarding of public interests. Where the general thrust of both German and American neoliberalism is anti-statist, through the notion of *borgen* Dutch neoliberalism expresses a somewhat modern, liberal desire for statist control over neoliberalism. Where in German and American neoliberalism the market is, once constructed, conceived as a limit to government, for the Dutch it is sooner an extension of the state and whose role is to protect public interests. In a way, with the market, the Dutch want to have their cake and eat it, as they do not want to relinquish political control. The best way then to explain Dutch neoliberalism is to point at this paradoxical figure of *borgen* as it epitomizes the highly statist type of neoliberalism that came to characterize the Netherlands.

Conclusion

The market discourse of the *adviesraden* offers an intriguing insight into how the Dutch deal with the market. It is striking to see how different it is from the market discourse of US policy think tanks. In many respects, the discourse at Dutch advisory councils is the obverse of US discourse. This however does not mean that it is less neoliberal than its US counterpart. The contrast between the two teaches us that neoliberalism comes in many different flavors. How is the Dutch version of neoliberalism different and what does this tell us about neoliberalism? The argument of this chapter is that the Dutch advisory councils have shown a somewhat idiosyncratic way of dealing with neoliberalism. In this conclusion, I want to draw out some of the contrasts between neoliberal discourse in the US and the Netherlands.

A first striking contrast is that the Dutch advisory councils put great effort in depoliticizing the debate over the market. Where the US think tanks exploited the market metaphor to convey strongly divergent political messages, the Dutch advisory councils on the contrary explicitly seek to contain and downplay its political appeal. The advisory councils share with their US counterparts the notion that they avoid dealing with the market in general terms and as such circumvent an overtly ideological discussion of its virtues and vices. While in the US this was part of a normalizing strategy, the Dutch attitude seems instead to be inspired by a desire to again *naturalize* the discourse about the market. The advisory councils stress that their analysis of the market has no political bias, but is based on rational, objective, and scientific arguments. More specifically, they mobilized for this purpose a textbook distinction between positive and normative statements that clearly separates positive economic analysis (“the how-question”) on the one hand from normative political arguments (“the what-question”) on the other. Their aim is to offer a naturalized, depoliticized analysis of the market to sort out a number of governmental options. In that respect, Dutch discourse is reminiscent of the modern, liberal governmental discourse that was identified in chapter 1 and which viewed the market as a natural object of government. Yet, there is a major difference. Their naturalized market is part of articulating a neoliberal governmentality. Despite its depoliticizing penchant, the discourse of Dutch advisory councils remains deeply political in a governmental sense and what is more, decisively neoliberal. This is evidenced by the fact that the reports are invariably concerned with answering a governmental question: whether and how the market could be employed for performing governmental tasks. This governmental question however testifies of a distinctly neoliberal as opposed to liberal governmental logic because it envisions the market as a means of government and not merely its object. This constructivist view of the market, I have argued, is the defining feature of a neoliberal governmentality. The advisory councils then are each in their own way trying to deal with this neoliberal use of the market.

A second difference with the discourse of US think tanks, concerns the perceived role of the state. As against the anti-statist discourse at US think tanks, the advisory councils can hardly be said to share a similar sentiment. Where in the US case the market is largely perceived as an antidote, alternative, or way to limit government, the Dutch debate views markets rather as an extension of the state. As said, their concern is with answering the question of how the market can be used by the state as a means of government. The genre of the Dutch reports is obviously

that of an advice to the state and they therefore naturally tend to identify with the viewpoint of the state. Therefore, the reports are looking for ways to make the market work for government. In the Netherlands, neoliberalism presents itself as a state project and as a way of thinking along with the state. The market, instead of an alternative or limit, becomes an extension of state government. The upshot is an exceedingly statist version of neoliberalism in which neoliberal measures are not forced on the state or reluctantly adopted, but actively sought after by it. Taken together its depoliticized and anti-statist manner of dealing with the market, then appear as two defining features of a somewhat unusual, and distinctly Dutch neoliberal governmentality.

While less straightforwardly reliant on a discursive politics than US think tanks, in a somewhat roundabout way the advisory councils nonetheless offered a confirmation of neoliberalism's discursive nature. Their reports were found to be strikingly self-conscious of the discursive market politics of neoliberalism. They displayed an acute awareness of the metaphorical and constructivist nature of neoliberal policies. At critical moments, the reports attempt to figure out how to square the metaphorical nature of much market talk with their governmental realities. In doing so, they have indicated that the discursive market politics of neoliberalism mostly gives way to incomplete markets at best. They moreover exposed that because of the various metonymic slides possible, there is a great variety among the incomplete markets produced by neoliberalism. Because the market metaphor is often only applied partially, it then only represents some of its aspects, such as demand, consumer sovereignty, the invisible hand, competition, innovation, efficiency, or freedom, but never for all of them together. Dependent on whether demand side imagery, competition imagery, or for instance payment imagery is invoked, the market performs differently and subsequently leads their readers to different conceptualizations of the relation between market and state in the governmental order. The metonymic use of the market underscores the variegated nature of neoliberalism.

Notwithstanding this self-consciousness with regard to the discursive politics of neoliberalism, the reports also brought to our attention what I think is the master trope of neoliberalism in the Netherlands, the notion of *marktwerking*. The notion of *marktwerking*, untranslatable as it is, I argue, is emblematic of the discursive politics of neoliberalism in the Netherlands. The term 'marktwerking' is essentially a market metaphor. It suggests that one gets the market or at least its functions without requiring the introduction of a completely 'real' market. By introducing *marktwerking*, one only offers elements of the market. With *marktwerking* then

one always gets incomplete, partial, or quasi-markets. It is in this sense that marktwerking amounts to a metaphorical market and a politics of the market metaphor. The term marktwerking is thus an effective euphemism, as it creates the illusion of market benefits without having to deal with all its practical ills. It also helps to skirt the political contestation that normally accompanies 'the market.' It makes a difference if one proposes to create a market for health care, or whether one just introduces marktwerking. The key function of the notion of marktwerking is therefore that it imagines a form of government that is modeled after the market, but which is at the same time neither a 'real' market nor *the* government. This way it is a shining example of a neoliberal governmentality. Marktwerking therefore appears as the quintessential trope of a typically Dutch discursive politics of the market.

The discourse of the Dutch advisory councils however featured a second important trope that was both symptomatic of neoliberalism yet at the same time conveyed a profound hesitation towards neoliberalism. The emergence of a neoliberal governmentality in the Netherlands has been accompanied by a counter discourse. This discourse availed itself of the trope of *het borgen van publieke belangen*, the safeguarding of public interests. Ever since the introduction of the logic of borgen by the WRR in 2000, the policy discourse about markets is increasingly being couched in these terms. The imagery of safeguarding or securing conveys that the neoliberal logic of marktwerking and the use of markets as a means of government threaten to undermine the political responsibilities of government. Although it does not directly challenge the neoliberal governmental logic, the metaphor of *borgen* or safeguarding signifies a hesitation towards that logic. In my reading, borgen is then a way to accommodate neoliberalism by maintaining governmental control over it. The various reports hence each articulate ways to safeguard the public interest while working within a neoliberal mode of government that continues to make use of the market. Taken together then the tropes of marktwerking and borgen, I claim, are icons of a quintessentially Dutch version of neoliberalism.

The conclusion is that the Dutch advisory councils have articulated a very specific inflection of a neoliberal governmentality that, in comparison to its US version, envisions quite a different constellation of the relation between the market and state. This specific constellation moreover does not fit easily with Foucault's division for instance between German and American neoliberalism. The Dutch inflection of neoliberalism has features from both governmentalities, but also some which are unique. As exemplified by the trope of marktwerking, it shares the

market constructivism from Foucault's definition of American neoliberalism in which the market is imagined as a universal mode of governance. But where American neoliberalism takes this generalized market constructivism somewhat for granted, the Dutch attempt at depoliticizing it, and finally the desire of *borgen*, signify that the Dutch are committed to a clear governmental control over the process of market constructivism. In contrast to the clear anti-statist orientation of American neoliberalism, the Dutch advisory councils advocate neoliberalism unequivocally as a statist project. In this respect, it has more in common with Foucault's account of German neoliberalism. The latter inverted the relation between the state and the market to suggest that the legitimacy of the state is derived from how well it manages to organize the market. In that respect, German neoliberalism is markedly more statist than its American counterpart. While it does not come as a surprise that there are some affinities between German and Dutch versions of neoliberalism, the latter is not entirely reducible to the first. What the two share is that they both attribute significant importance to the role of the state in ordering the market. Dutch discourse seems permeated with ordoliberal concerns over how to order the market so it will deliver its benefits. In the Dutch discourse, however, the ordering of the market is not used as a legitimization of the state. Dutch discourse in contrast has a slightly more modern liberal objective, which is to order the neoliberal market as a means of governing well. Dutch discourse is American in the sense that it promotes the market into a tool of government, but is then German in how it goes about ordering the market. Given the idiosyncrasies and differences with German and American neoliberalism, it seems therefore warranted to claim that we have identified a specifically Dutch strain of neoliberalism. Doing so, is not just interesting in its own right, but also tells us something about the global hegemony of neoliberalism as presumed in the popular narrative. While neoliberalism has definitely become a global phenomenon, it is important to point out that it comes in a great many local guises. 'Don't think of neoliberalism as a single neoliberal governmentality, think of it as a multiplicity of governmentalities.'

Appendix 5.1: List of Reports Consulted

- OR 2001a Onderwijsraad 2001a. *Publiek en Privaat: Mogelijkheden en Gevolgen van Private Middelen in het Publieke Onderwijs*. Den Haag.
- OR 2001b Onderwijsraad. 2001b. *De Markt Meester? Een verkenning naar marktwerking in het onderwijs*. 's-Gravenhage.
- ROB 1998 Raad voor het Openbaar Bestuur. 1998. *De Overheid de markt in- of uitprijzen*. 's-Gravenhage.
- RVW 2000 Raad voor Verkeer en Waterstaat. 2000. *Meer Markt, Andere Overheid: Advies over de veranderende relatie tussen markt en overheid op terreinen van Verkeer en Waterstaat*. 's-Gravenhage.
- RVW 2003 Raad voor Verkeer en Waterstaat en Algemene Energieraad. 2003. *Zorgvuldig Omgaan met de Introductie van Marktwerking rond Vitale Infrastructuurele Voorzieningen*. 's-Gravenhage.
- RVW 2004 Raad voor Verkeer en Waterstaat. 2004. *Hoezo Marktwerking.? Over de borging van publieke belangen en effectief trajectmanagement bij veranderingen in de marktordening van vitale infrastructuurgebonden sectoren*. 's-Gravenhage.
- RVZ 1998 Raad voor de Volksgezondheid en Zorg. 1998. *Tussen Markt en Overheid*. Zoetermeer.
- RVZ 2003a Raad voor de Volksgezondheid en Zorg. 2003a. *Van Patient tot Klant*. Zoetermeer.
- RVZ 2003b Raad voor de Volksgezondheid en Zorg. 2003b. *Marktwerking in de Medisch Specialistische Zorg*. Zoetermeer.
- RVZ 2004 Raad voor de Volksgezondheid en Zorg. 2004. *Gepaste Zorg*. Zoetermeer.
- SER 1999 Sociaal Economische Raad. 1999. *Markt en Overheid*. 's-Gravenhage.
- WRR 2000 Wetenschappelijke Raad voor het Regeringsbeleid. 2000. *Het Borgen van Publiek Belang*, 's-Gravenhage.

Appendix 5.2: Frequency Distribution of Relevant Terms in the Reports

	ROB 1998	RVZ 1998	SER 1999	RVW 2000	WRR 2000	OR 2001a	OR 2001b	RVW 2003	RVZ 2003a	RVZ 2003b	RVW 2004	RVZ 2004	Total
Publieke	96	20	85	27	968	170	43	14	0	37	162	1	1623
Belang(en)	23	30	53	66	1042	37	46	20	22	49	218	9	1615
Overheid	106	85	135	233	583	43	164	2	23	30	72	19	1495
Markt(en)	77	46	98	150	245	37	295	8	23	60	67	6	1112
Private	22	7	29	45	369	316	65	0	1	6	28	1	889
Marktwerking	85	83	5	38	53	13	247	11	35	192	48	10	820
Concurrentie	21	11	41	125	222	10	67	8	8	10	45	2	570
Vraag	29	37	56	34	100	38	57	8	34	62	35	17	507
Borging	0	0	0	0	278	0	0	0	1	9	26	0	314
Aanbod	1	12	0	46	2	17	100	3	21	35	27	3	267
Toezicht	76	14	21	25	73	0	3	0	5	3	39	1	260
Maatschappelijke	14	8	1	21	70	79	32	0	7	6	20	0	258
Staat	6	20	6	14	68	32	37	2	20	17	19	17	258
Kosten	17	15	32	20	26	21	21	0	23	35	13	28	251
Beleid	10	32	6	14	86	13	50	1	11	11	12	4	250
Verantwoordelijk- heid	38	5	1	13	147	4	15	0	6	2	10	6	247
Borgen	0	0	0	0	192	0	2	2	4	3	31	0	234
Marktactiviteit(en)	0	0	195	0	0	0	0	0	0	0	0	0	195
Financiering	0	5	1	16	3	130	18	0	2	14	1	2	192
Privatisering	7	1	2	4	105	6	12	4	0	0	30	0	171
Economische	4	3	40	10	29	7	18	0	1	11	25	1	149
Overheden	4	0	70	12	25	1	4	3	0	0	21	1	141
Politiek	15	7	2	8	50	1	2	3	0	2	44	1	135
Verzelfstandiging	4	0	2	38	42	1	7	2	0	0	25	0	121
Goederen	18	4	13	15	24	6	23	2	0	0	12	0	117
Prikkels	2	4	0	4	3	0	1	0	31	4	2	50	101
Marktordening	1	0	0	0	5	0	0	11	1	0	80	0	98
Efficiëntie	6	0	1	0	54	18	9	0	3	0	4	0	95
Toezichthouder	13	0	40	0	6	0	0	0	1	0	34	0	94
Vraagsturing	0	14	0	0	0	1	0	0	27	8	35	5	90
Consument	3	0	0	12	5	1	30	1	4	4	13	15	88

Appendix 5.3: Summary of Reports Consulted

Author	Year	Title	Area	Research Question	Main Argument	Dominant Image of Market	Displacement	Rearticulation State
Council for Public Administration (ROB)	1998	Pricing / Praising government into and out of the market	General	Under what circumstances can the provisioning of public services be subject to market forces?	Introducing market forces into the provisioning of public services carries the risk of undermining public interests, therefore it requires public surveillance and supervision.	Marktwerking: market mechanism as instrument for realizing public goals in the interests of citizens, because it: offers more freedom of choice, is more efficient, is more creative / innovative	Public interests require government safeguarding and protection from market forces.	Government determines limits of markets, supervises, facilitates and corrects markets.
Council for Public Health and Health Care (RVZ)	1998	Between Market and State	Health care	How to deal with the tension between the market and the regulation of supply in the provisioning of health care?	Argues that 'real' markets for health care may be unfeasible, but one should nonetheless move in the direction of more market forces by introducing the concept of 'joint administration'	Market populism: the market represents demand and consumer interests, freedom of choice but not supply.	'Real' markets may be unfeasible, but market displaces argument toward demand side (vraagsturing)	In "joint administration," the state guides and supervises (deregulates supply, stimulates social entrepreneurship, consults with partners).
The Social and Economic Council of the Netherlands (SER)	1999	Market and Government	General	What legislation is needed to regulate market activities of the state (concerning the so-called Market-Government problem)?	Legislation should abide by two requirements: 1. No market activities without statutory basis. 2. Proven net welfare effect when weighing private interests and public goals.	Undistorted Competition is socially neutral ("level playing field").	Market-constructivism: Re-imposes the market also to evaluate the market activities of the state.	Public interests are made subject to Welfare Calculation. State supervises welfare outcomes.

Author	Year	Title	Area	Research Question	Main Argument	Dominant Image of Market	Displacement	Rearticulation State
Council for Transportation and Water Management (RVW)	2000	More Market, Different Government	Transport and Infrastructure	In what circumstances is the market better at supplying transport and infrastructural services than the government?	The market is better than the government at knowing and supplying what people want (“maatwerk vraagt marktwerking”) and does so with greater efficiency.	Competition: mechanism for social provisioning that is based on consumer sovereignty and not on central authority.	Populist displacement: the market is better suited to supply what people want than – a democratic – government.	State governs from a distance and exercises power by means of surveillance or supervision over the market.
Scientific Council for Government Policy (WRR)	2000	Safeguarding the Public Interest	General	In the context of privatization, how should public and private responsibilities be assigned in the promotion of public interests, so they are secured best?	The issue of privatization should always be approached with a view of the public interests at stake. To secure the public interests, one should deploy the appropriate safeguarding mechanisms, such as rules, competition, hierarchy, or institutional values.	The market is viewed in terms of competition. Competition is a suitable safeguarding mechanism that disciplines actors as such secures efficiency and citizen’s interests.	Technocratic displacement: the market is considered as one means of governing the public interest among others.	State carries final responsibility for promoting the public interests, but can rely on a variety of safeguarding mechanisms, among which the market to promote these.
Education Council (OR)	2001a	Public and Private: Prospects and consequences of private resources for public education	Education	What are the wishes, possibilities and consequences of employing private resources for public education	The market - in the form of (financial) resources – can at best supplement the state. It should never replace the state in providing public education and can only perform functions in its margin.	The market is primarily a funding resource which is and should only be a supplement to and not a substitute for state support.	Market is delegated to the margins of the state and prohibited from the core activities of education. State is firmly reinforced in center and issues of market supplied education are deflected.	State is primary responsible for supplying basic goods of education and determines delimitation of the market.

Author	Year	Title	Area	Research Question	Main Argument	Dominant Image of Market	Displacement	Rearticulation State
Education Council (OR)	2001b	Mastering the Market?	Education	To what extent are there markets and market forces at play for education and what are the implications for the relation between education, the state and the market?	The extent of the market and market forces for education are diverse but nonetheless limited and hardly the effect of government policy. Its possible benefits remains confined to bringing supply more in tune with demand and some limited efficiency effects, however this requires adequate government regulation.	While the market and market forces may enhance performance, innovation, efficiency, distribution, and additional funding, its main attribute is consumer sovereignty.	Market constructivism: while the role of the state as funder and regulator of education goes uncontested, the encounter with the idea of the market exposes typical market issues such as consumer sovereignty, performance, innovation, efficiency and accessibility, it may however crowd out other views, and constructs the market as the new norm.	State remains the sovereign provider of education, yet by reconstructing its activities after the image of the market, it is rearticulated to enhance consumer sovereignty.
Council for Transportation and Water Management (RVW)	2003	Careful Introduction of the Market in Vital Infrastructural Services	Transport and Infrastructure	What lessons can be learned from recent negative experiences around the introduction of markets for the ways in which the market is being introduced in infrastructural services?	As ideal-typical benefits of markets do not emerge automatically and in order to safeguard public interests, the introduction of markets requires: - a more comprehensive analytical framework for analysis of markets - awareness of risk and uncertainty - management of processes of change	Benefits of market forces do not emerge automatically but are outcome of complex processes of change and careful design: - competition - private parties - demand incentives	Internal displacement within the concept of the market: - within chain of supply - with regard to dimensions of a. liberalization b. privatization c. de/regulation	Rearticulation of its role as guardian of Public Interests: from safeguarding to managing the 'marketization' process.

Author	Year	Title	Area	Research Question	Main Argument	Dominant Image of Market	Displacement	Rearticulation State
Council for Public Health and Health Care (RVZ)	2003a	From Patient to Customer	Health Care	What conditions, means and incentives are needed to move health care suppliers to account better for health care demands?	Enable the establishing of customer relations (which ideally include payment-relations) between patients and Health care providers. Where these relations cannot be established directly alternative solutions should be devised, preferably in the form of client interest groups.	Market populism: the market represents freedom of choice and consumer sovereignty.	Market constructivism: Demand Side Imagery (choice and payment: 'exit' strategies) is used to make a largely state regulated and funded sector more attuned to the interests of its constituency.	While the primary responsible for Health care in terms of supply and quality standards, the state also becomes responsible for responding to demand.
Council for Public Health and Health Care (RVZ)	2003b	Market Forces in Specialist Medical Care	Health Care	Should more competition and market forces be introduced for the provision of specialist medical care, or should the current system of supply regulation be continued?	Current system of supply regulation leads to waiting lists and should instead be governed by competition and market forces, because it tailors better to consumer demands, stimulates innovation and efficiency and leads to cost reductions.	Demand side discipline: competition as a means to enable demand side incentives.	From supply regulation to demand stimulation. Instead of government deciding on what and how much specialist care should be provided, demand side parties now decide this.	Rather than directly setting the parameters for specialist care provision, the state leaves it to demand side parties to organize the need for care. State loses direct control and resorts to indirect control.

Author	Year	Title	Area	Research Question	Main Argument	Dominant Image of Market	Displacement	Rearticulation State
Council for Transportation and Water Management (RVW)	2004	What Do You Mean, Market Forces ...?	Transport and Infrastructure	How to improve – given negative results in terms of prices, quality and choice – the effectiveness of changes in market order of infrastructural services?	Since real markets for infrastructural services are hardly attainable, there is a need for greater explication of the public interests at stake and more careful management of introducing markets into this sector	Real market: - liberalization: competition - privatization: private actors - de/regulation: rules/freedom Market in reality: - government induced demand driven: consumer interests	The idea of market forces (most notably competition) and ‘real markets’ is displaced by that of government induced demand driven supply.	Market supervisor in order to safeguard public interests and manager of the ‘marketization’ process.
Council for Public Health and Health Care (RVZ)	2004	Due Care	Health care	To what extent are levels of health care consumption in the Netherlands appropriate and what, if any, additional incentives are needed to prevent needless Health care consumption and control Health care costs in a system governed by market demand.	From an international perspective, Health care consumption in the Netherlands appears to be moderate and there seems to be no evidence of overconsumption. If any further incentives are needed, non-financial incentives, such as information in the form of Health care education, health needs screening and performance standards are deemed to be more effective than purely financial incentives.	While market forces in Health care are generally equated with demand and consumer choice, the report grapples with the issue that this may present an incomplete account of the market as the supply side and equilibrating forces of for instance prices appear to be absent.	Market constructivism: the idea of the market is invoked to further reconstruct the market for health by shifting emphasis to equilibrating forces.	The state is given the task to devise further structures that simulate an invisible hand.

Conclusion

Neoliberal Deconstructions

Neoliberalism, it was suggested at the beginning of this thesis, poses a peculiar challenge to modern political and economic thought. For one, neoliberalism is conspicuously elusive. Despite its popularity and instant familiarity, it is quite hard to present an adequate definition. The real challenge of neoliberalism however, is the way it appears to be upsetting the very categories of modern political and economic thought. Neoliberalism is doing things with markets that are hard to reconcile with our traditional way of viewing the relation between the market and politics as two separate but mutually constitutive domains. This thesis therefore set out to explore the various ways in which neoliberalism rearranges and undermines the traditional division of labor between economics and politics. Neoliberalism, I claim, is best analyzed as a discursive politics of the market metaphor. Against overly simplistic accounts that portray neoliberalism as ‘more markets, less state,’ I argue that what distinguishes neoliberalism is that by wielding the market metaphor it constructs markets. In doing so, neoliberalism transgresses the modern separation between markets and politics. What sets neoliberalism apart is its politics of market constructivism. Rather than merely shifting the boundaries between the market and the state to release the rule of the market, the discursive market politics of neoliberalism in various ways actively constructs and reconstructs the social order after the image of the market. The discursive nature of neoliberalism, I gather, is the primary reason why its politics has remained so elusive.

To illustrate once more the discursive politics of neoliberalism, consider some statements made by those who attempt to resist it. Dissenters, cognizant of the metaphorical proliferation of the market in neoliberalism, sometimes try resisting it by turning the discursive politics of neoliberalism on itself. Loosely inspired by the Arab revolts, tens of thousands of predominantly young Spaniards converged on Puerta del Sol Square in Madrid in May 2011. In anticipation of national elections and at a time of financial and economic crisis with soaring unemployment among the young, *los indignados* (‘the indignants’) wanted to voice their discontents and called for change. While not directly a demonstration against neoliberalism, one

sign immediately made the connection: “¡Madrid será la tumba del neoliberalismo!” (Madrid will be the grave of neo-liberalism!).¹⁰⁹ Other signs more explicitly took issue with the discursive market politics of neoliberalism: “Somos Humanos, No Mercancia” (We are human, not merchandise),¹¹⁰ “Spain is not a business, We are not Slaves,”¹¹¹ or at a parallel demonstration in Barcelona, in Catalan, “No som mercaderia en mans de politics banquers” (We are not merchandise in the hands of a politics for bankers).¹¹² These slogans immediately engage with the discursive politics of neoliberalism. With these statements, the protesters attempt to halt the flow of the market metaphor that is characteristic of neoliberalism. By crying out that they are no merchandise and that Spain is not a business, they try to block or undo the perceived imposition of the market metaphor. No one of course had stated that the young Spaniards are literally merchandise or that Spain is a business, but by countering and pressing the very market imagery of neoliberalism, the protesters seek to expose its metaphorical overstatement, hoping to deflect its tenacious hold.

Attempts to disarticulate and subvert the metaphorical politics of neoliberalism, are encountered everywhere. Greek protesters who rallied against the austerity measures that were imposed as part of the rescue packages in response to Greece’s sovereign debt crisis carried slogans such as: “We do not sell or sell ourselves.”¹¹³ The Dutch Socialist Party (SP) ran a long-lasting campaign against privatization and liberalization in health care, using the label “Zorg Geen Markt” (Health Care is No Market), and in one of its actions called for ending the sales on homecare services (“Stop de Uitverkoop van de Thuiszorg”: End the Sales of Homecare Services).¹¹⁴ One can hardly make sense of these protest slogans without prior acquaintance with the neoliberal market metaphor it is seeking to subvert (‘Oy!, did I just miss the bargain sales of Homecare services? Bummer!’). When protesting a reform proposal by the Tories for the National Health Service (NHS)

¹⁰⁹ See: Storm, Brandom. 2011. Hope Lives in Puerta del Sol. *Dissent* (May 27, 2011), <http://www.dissentmagazine.org/atw.php?id=463>. Last accessed: July 20, 2011.

¹¹⁰ See video on: <http://www.democraciarealya.es>. Last accessed: July 20, 2011.

¹¹¹ See picture on: <http://www.marketwatch.com/story/madrid-protests-rage-on-eve-of-elections-2011-05-20>. Last accessed: July 20, 2011.

¹¹² See picture at: <http://cryptome.org/info/spain-protest/spain-protest.htm>. Last accessed: July 21, 2011.

¹¹³ Quoted in: Mitralias, Yorgos. 2011. Massive Popular Uprising in Greece. *Committee for the Abolition of Third World Debt* (11 June 2011), <http://www.cadtm.org/Massive-popular-uprising-in-Greece>. Last accessed: July 22, 2011.

¹¹⁴ See for instance website *Zorg Geen Markt*: <http://www.zorggeenmarkt.nl/>. Last accessed: October 20, 2011.

in the United Kingdom, protesters were carrying signs: “NHS not for sale.”¹¹⁵ These examples show that the discursive market politics of neoliberalism apparently invites equally creative discursive counter-strategies to resist it. This way, the examples underline the unusual, discursive nature of the political project of neoliberalism.

This thesis set out to study the main intellectual challenge posed by neoliberalism and its purpose was to assess the impact of its discursive politics on modern political and economic thought. Its play with the market metaphor sits uneasily with our modern liberal understanding of the relation between politics and economics. Where in the modern conception, the market was in the first place the natural object of government, through the discursive politics of neoliberalism, it mutated into a more general prism for government. As such, the discursive politics of neoliberalism has upset and reoriented our modern categories of political thought in major ways. By projecting the market onto new domains and by privileging the market as a mode of governance, it has dramatically altered our view of government and the rationality of government. How are we to qualify this mutation in our liberal governmentality? What is at stake in the neoliberal articulation of the relation between the market and the state?

In this conclusion, I take stock of the main findings and spell out in more detail what I take to be the intellectual consequences of the discursive market politics of neoliberalism for modern political thought. The central claim proposed in this thesis is that neoliberalism is not simply an intensification of the liberal view of government, but rather signifies its deconstruction. Through the discursive politics of the market, neoliberalism is effecting a deconstruction of the modern liberal outlook. By construing neoliberalism as a deconstruction of the modern liberal outlook, the claim is that it represents a novel kind of politics that lets itself no longer be analyzed using modern liberal categories. Viewing neoliberalism as a deconstruction of the modern categories of politics and economics, offers a novel perspective on some of the difficulties we are experiencing today regarding the government of our economies and that have come to mark our neoliberal age.

¹¹⁵ See picture on: Doane, Deborah. 2011. Neoliberal Policies have no place in the post-crash World. *Poverty Matters Blog*, [guardian.co.uk](http://www.guardian.co.uk/global-development/poverty-matters/2011/mar/23/neoliberal-policies-discredited) (March 23, 2011). <http://www.guardian.co.uk/global-development/poverty-matters/2011/mar/23/neoliberal-policies-discredited>. Last accessed: July 20, 2011.

Imagining Markets

Neoliberalism is notoriously elusive and defies easy definition. The reason, I think, why it is so difficult to capture the nature of the neoliberal political project, is that one tends to overlook how it hinges on a novel conception of the market. One challenge posed by neoliberalism, for instance, is to see how its political project differs from the conventional politics of economic liberalism. The popular mantra of ‘more markets, less state’ often associated with neoliberalism is not that different from the idea of *laissez faire* of classical liberalism. The starting point of this dissertation was that neoliberalism critically relies on the mediation of the market metaphor. Not merely concerned with the freeing of real and existing markets, neoliberalism from the outset makes itself known as a politics of metaphorical markets. Key to distinguishing neoliberalism from classical liberalism and to a full appraisal of neoliberalism, I argue, is to recognize that its discursive politics of the market metaphor involves a radically different use of the idea of the market. As opposed to the *market naturalism* of classical liberalism, neoliberalism relies on a form of *market constructivism*. Liberal government derives its rationality and legitimacy from the naturalism of the market. Good liberal government respects the market’s natural capacity to sustain the needs of society. Neoliberal government departs from these liberal principles by founding the rationality and legitimacy of government on market constructivism. Good neoliberal government then, sets itself to constructing markets in an effort to sustain the needs of society. The setting up of school vouchers systems, emissions trading schemes, or prediction markets are in each case markets constructed for the sake of meeting societal demands. These constructed markets were imagined as a way of governing society. The discerning feature of neoliberalism is in my view that some form of market constructivism rather than market naturalism constitutes its governmental rationality.

The market constructivism of neoliberalism is evidently a corollary of its discursive market politics. The constructivist market championed by neoliberalism is a market unmoored from its natural economic roots. Exploiting the discursive space between literal and metaphorical markets, neoliberalism uses the latter to imagine new applications for the market. Neoliberalism does not trade in real markets per se, but first of all advocates imagined markets. Rather than ‘more markets, less state’ then, neoliberalism abides by the exhortation of the cartoon in the introduction: “don’t think of it as a state, think of it as a market.” Toying with the market metaphor, neoliberalism lets us imagine novel markets as ways of governing various social issues. In place of state-solutions to governmental issues,

the market metaphor inspires neoliberalism to envision markets and market-like solutions. Confronted with a governmental problem, the neoliberal response is to ask how to construct a market for solving it. Depending on the situation, the markets imagined by neoliberalism often remain to an extent metaphorical, such as the quasi-market imagined through school vouchers, but also become incredibly real. The best way to capture the politics of neoliberalism then is that it employs the market metaphor to imagine novel ways of governing the problems of society.

The shift mediated by the market metaphor, from a naturalist to a constructivist view of the market dramatically alters the implied view of government. Where in liberalism the market essentially features as an *object* of government, we may now see how in neoliberalism it is transposed into a *means* of government. In liberalism, government is defined in relation to the naturalist market. As we saw in our discussion of the logic of market failure in chapter 2, the market on the one hand presents a limit to government and at the same time, in case of market failure, legitimates government action. Therefore, from a liberal point of view the market is the object of government and at the same determines how much it should be governed. Liberalism entails a form of market government, a government of the market and a government which is limited by the market. Neoliberalism introduces a novel type of market government. Neoliberalism does not merely govern markets but rather governs with, or through markets. In neoliberalism the market is transformed from an object into an instrument of government. Through the mediation of the market metaphor, markets have from the passive objects of government been turned into active instruments of government. This way, the actively constructed market government of neoliberalism is displacing the passive market government of liberalism. The accomplishment of the neoliberal political project is that it has detached the market from its native economic reality and elevated it into a versatile political instrument. Neoliberalism thus replaces the *free* markets that lay at the heart of liberalism by some sort of *freak* markets, as they became known in the *Freakonomics* genre. The imaginary markets of neoliberalism radically alter the function of the market within our governmentality, that is, from object into a means.

Neoliberalism as Deconstruction of Liberalism

Recognizing the novel, constructive use of the market in neoliberalism, now enables us to address the intellectual challenge posed by neoliberalism and answer more precisely how neoliberalism is affecting our political and economic discourse. Neoliberalism is typically represented as an intensification of the

modern liberal governmentality, but a closer look at its imaginary market politics makes one wonder whether that is a correct qualification. Transformed from object into a preferred means of government, the neoliberal market is traversing and challenging the modern compartmentalized view of economics and politics. Elevated into a means of government, the market imagined in neoliberalism has nestled itself deeper and more firmly inside the domain of government. This way, neoliberalism challenges the neat modern liberal division of the world into a realm of the natural market and the domain of government. Put plainly, through its discursive market politics neoliberalism breaches the modern opposition of economics and politics.

Rather than an intensification of the liberal governmentality then, I think it is more accurate to claim that neoliberalism is *deconstructing* the modern outlook. Its play with the market metaphor is not simply shifting the boundaries between the market and the state, for instance, but challenges their very opposition and rearticulates their mutual relation. I use the term deconstruction here somewhat loosely, to describe a situation in which the original, binary opposition of market and state is upended and the relative meanings of the two are displaced. In neoliberalism the conventional market-state antithesis is disintegrated and the relation between the market and government is reconstructed in novel ways. To convey that neoliberalism above all fragments our existing ways of market government and entails a radically reconfigured rationality of government, it is more accurate to describe it in terms of deconstruction.

To conceive of neoliberalism as deconstructing the conventional relation between the market and state may help us understand some features of neoliberalism that previously escaped our grasp. It for instance does away with the popular account of neoliberalism as ‘more market, less state.’ In this popular account the market and the state are represented as a kind of zero-sum continuum in which neoliberalism is understood as shifting the boundary between the two in favor of the market. Neoliberalism is seen as advancing the market and the rolling back or retreat of the state. The market and the state are viewed as antithetical which requires choosing either one. The representation of a zero-sum continuum between the market and state may be adequate for describing the liberal conception of government. The many examples of neoliberalism encountered in this dissertation however make clear that neoliberalism cannot be analyzed as sliding over a simple dichotomous politico-economic spectrum and a shift of boundaries between the market and the state. The singularity of the neoliberal rationality of government is found in deconstructing the antithesis of market and state. If we are

to comprehend the political implications of neoliberalism, I argue, one should start by acknowledging that it is a deconstructive project.

The main consequence of the deconstructive politics of neoliberalism is that while altering the rationality of government, it also changes the way we think about the market and the state. Due to the rearticulations of neoliberalism, the market and the state are no longer what they used to be. Wielding the market metaphor, neoliberalism is gradually decentering the state. The liberal state used to derive its meaning in part from governing the market.¹¹⁶ Since the neoliberal state is no longer exclusively performing this function, it loses part of its meaning. Neoliberalism is not merely rolling back the state, but is gradually undermining the governmental functions of the state. Neoliberalism not only decenters the state, however. Through its metaphorization of the market, neoliberalism may also begin to decenter the market itself. The market of neoliberalism becomes less and less the natural market and object of government. The neoliberal market is increasingly a de-essentialized, metaphorical market that has become a mode of government. A perhaps more surprising result of neoliberalism is hence that apart from the state, the market is equally being decentered.

Before I address the consequences of neoliberalism's decentering of the state and market in more detail, I want to specify how its deconstructive nature defines the political project of neoliberalism. One implication of my reading of neoliberalism as a deconstruction of the modern liberal governmentality is that neoliberalism is not a singular political project. As I have been trying to show throughout, neoliberalism does not have a pre-defined political goal it seeks to achieve. Neoliberalism is not a utopian political project and knows of no founding manifesto, contrary to what some claim (viz. Achterhuis 2010). Neoliberalism is neither a readily identifiable political ideology, but at best a complex ideological system (Turner 2008) or a loosely structured "thought collective" (Mirowski and Plehwe 2009). This is a direct consequence of the discursive nature of the political project of neoliberalism. Since neoliberalism works its ways by mobilizing the market metaphor, it has no single, unequivocal political direction. Its political interventions may therefore have multiple outcomes and as an effect of the work of metaphor moreover, unpredictable outcomes. The creativity of the market metaphor makes neoliberalism polyvalent. Because of the uncontrollable nature of

¹¹⁶ Mitchell (1999) in a somewhat similar vein refers to this as the state effect. The state is not a freestanding entity, but rather the effect of the invention of the market. According to Mitchell it is a defining feature of the modern order to distinguish the state as an "abstraction in relation to the concreteness of the social ... to the reality of the economy" and the market (95).

metaphor moreover, its politics has a degree of indeterminacy. A politics based on the market metaphor is therefore in many ways open-ended and indeterminate. The deconstructive nature of neoliberalism therefore gives way, I would argue, to multiple neoliberalisms. A number of the multiple neoliberalisms were encountered at the US and Dutch think tanks. For similar reasons, Jamie Peck (2010) prefers to speak of “neoliberalization,” to suggest that there is not one single neoliberal political project and that neoliberalism does not have a single purpose, but that there are various attempts at neoliberalizing affairs. It is hence more accurate to explain the political project of neoliberalism not in terms of a singular political program but rather as a political strategy. The political strategy of neoliberalism is obviously a discursive strategy derived from the market metaphor. As a political strategy finally, the deconstruction of neoliberalism moreover has irreversible effects, as Wendy Brown (2003), whose argument we will discuss below, has shown. Having deconstructed the modern categories of modern political-economic thought, it is hard to imagine a return to the orderly modern division of labor between the market and the state. To sum up, the peculiar nature of the neoliberal project, I would argue, is largely attributable to it being a deconstruction of our existing liberal governmentality.

The End of the State, But Not the End of Government

Despite it being a politics of the market, neoliberalism has had the most impact on the state. From the outset, neoliberalism has been anti-statist and was tantamount to a criticism of the state. In the ‘more markets, less state’ account of neoliberalism, the turn to the market implied a retreat or roll-back of the state. My theory of neoliberalism as a deconstruction of the modern outlook on the market and state puts this zero-sum account in a new perspective. Neoliberalism’s play on the market does not necessarily reduce the state, but rather reconfigures it. There is no evidence that neoliberalism has made states ‘smaller’ however conceived, neither has it made them less relevant. It is therefore more productive to look at the ways in which neoliberalism has deconstructed the state. Neoliberalism has announced the end of the modern state as we knew it, but definitely not the end of the state.

The constructive market policies of neoliberalism have contributed to the erosion or emptying out of the state. By making the state increasingly subservient to the market, by extending the rule of the market to previously non-economic domains, and by having the state emulate markets for instance, the traditional functions and legitimacy of the state is undermined. In the modern liberal account,

the state is ascribed a certain *telos* of its own. Although the state was seen as limited by the market in going about its goals, the latter nonetheless had substantive goals. Whether democratically agreed upon or authoritatively decided, the substantive goals of the state could include freedom, equality, or justice, as well as some communist or national-socialist utopia. The liberal insight remains that substantive political goals are always curbed by the natural market. The image of the state in neoliberalism is one in which substantive goals as the legitimacy and rationality of the state have increasingly been emptied out by the imposition of the market metaphor. In a state that governs as if things were markets, or a state that governs by means of markets, there is much less room for substantive political goals. With the market and market constructivism increasingly becoming the new foundation for the legitimacy of the state, it is displacing the conventional substantive goals of the state. Neoliberal market constructivism is hollowing out the state, only leaving its shell in place. The hollowed out state of neoliberalism is sometimes referred to as the market state (viz. Robison 2006) or more generally, the neoliberal state (e.g. Harvey 2005; Plant 2010).

In a mind-blowing essay titled ‘American Nightmare,’ Wendy Brown (2006) offers an acute picture of what the neoliberal state might look like. In this article, Brown explores the implications of the joint rise of neoliberal and neoconservative political rationalities for the liberal democratic state in the US. In her analysis, “saturating” the state with market rationality, neoliberalism is stripping the state of many of its liberal democratic features (695). With its increased emphasis on markets and market-like government, the state’s traditional commitments to egalitarianism and universalism are for instance undermined. Privileging private autonomy of citizens over political agency, the state appears to be less committed to political liberty, as liberty is reduced to self-care and does not extend to social or political issues.¹¹⁷ Since the primary function of the law in neoliberalism is to protect private property rights and the governance of individual conduct, its function for civil liberties and protections is undercut. Other democratic institutions such as the free press, when brought under the rule of the market lose their democratic potential. Together, Brown argues, these developments point out that under the reign of a neoliberal political rationality, the state has been de-democratized and de-politicized. The market rationality of neoliberalism thus

¹¹⁷ Harvey (2005, 69) suggests it points at one of the contradictions of the neoliberal state. He argues that neoliberalism is selective in its emphasis on individual freedom, as it does not extend for instance to a situation in which individuals would freely consent to give the state the power to provide social welfare, public goods or instate regulation of private conduct. Individuals are obliged to individual freedom, but can no longer rely on this freedom to engage in public action.

leaves behind a hollowed out shell of the modern liberal democratic state. According to Brown, the de-democratization of the state leads to a political form in which democratic agency is reduced to formal rights, market action and voting. Neoliberalism moreover turns political issues into individual problems for which it imagines market solutions. The citizen, according to Brown, is produced as a “consumer-citizen” which is the passive object of “a heavy degree of governance and authority” (703). With its democratic legitimacy eroded, the state finally slides back into a dirigist “statism.” Her central argument, which we will further leave aside, is that in the case of the US, the de-politicized and devalued liberal democratic state of neoliberalism has, subsequently been “consecrated” and filled in with the moral-political rationality of neoconservatism (702).¹¹⁸

The argument then is that neoliberalism decenters the state by eating away at some of its core liberal democratic principles. Brown has offered us some political features of this dressed down market state. Having eroded the state from within, neoliberalism thus created some sort of vacuum at heart of the state. The alleged vacuity of the state should however not be misinterpreted as the demise of the state. On the contrary, it appears to have strengthened the state. One of ironies of neoliberalism is that while it may have inaugurated the demise of the modern state, it has far from led to the end of the state, nor to the end of government. Jamie Peck (2010, 7) refers to it as the curse of neoliberalism. Despite all its efforts at limiting the state, neoliberalism in the end remains a highly interventionist project that cannot do without strong government. Brown’s argument is that while the state has become less democratic and was hollowed out, it nevertheless became more statist and in fact more interventionist. As much as neoliberalism was intent on the demise of the state, neither the state is gone, nor is the need for government.

I think it is worth highlighting two related aspects here. The first is that, following Foucault, it should be noted that neoliberalism is, and remains, a *governmental* rationality. Neoliberalism, just like liberalism is a legitimization of how to govern. Although neoliberalism may allude to the end of the state, it in no way entails the end of government. Supplementing Foucault’s argument in *Security, Territory, Population* (2007, 109) on the governmentalization of the state in liberalism, neoliberalism and its marketization of government, may in contrast announce the de-governmentalization of the state and the governmentalization of

¹¹⁸ Other have made similar arguments about neoconservatism as filling in the void created by neoliberalism, albeit perhaps less compelling (viz. Harvey 2005).

the market.¹¹⁹ Although the state will no doubt remain the most important instrument of government in the foreseeable future, in the neoliberal governmentality the locus of government shifts away from the state. Most prominently, neoliberalism is of course outsourcing government to the market. Other than to the market however, government is also increasingly shifted to other non-state sites of government. Besides the semi-autonomous regulatory and oversight bodies that have accompanied the de-stating of government, one could also think of self-regulatory organizations,¹²⁰ the emergence of private regulation,¹²¹ government by non-governmental organizations or corporate initiatives,¹²² and the increased power of transnational forms of government (viz. Jessop 1999). In part as a response to neoliberalism, these examples show that government is increasingly carried out by a whole gamut of non-state actors. Whichever way it is taking shape, neoliberalism nonetheless remains a form of government. The discursive politics of neoliberalism can hence be seen to struggle with a latent performative contradiction. While it calls for the reduction of state-government, it nonetheless advocates all sorts of state and non-state governmental schemes to do so. Even the staunchest neoliberal measures require some form of government to oversee and monitor its success. Even despite the turn away from the state, neoliberalism is as Jamie Peck (2010, 7) has it “doomed to coexist with its unloved others.”

A second important question that follows from the decentering of the state in neoliberalism, is to ask what the nature is of the newly decentered state. It is frequently noted that the governmental remains of the state in neoliberalism tend to take on an authoritarian character. Having emptied out the state from some its important liberal democratic features, the empty shell left behind by neoliberalism

¹¹⁹ Although, the terminology is getting confusing, Jessop (1999, 389) refers to it as the “destatization of politics,” the idea that politics takes less the form of government by the state, and increasingly takes the form governance.

¹²⁰ An interesting example of a self-regulatory organization (SRO) is the Financial Industry Regulatory Authority (FINRA) which oversees the members of the US securities industries. It is a merger of the regulatory body of the New York Stock Exchange with the National Association of Securities Dealers, of which Bernard Madoff happened to be the vice-chairman.

¹²¹ Private regulation encompasses all sorts of regulation done by independent, private parties. It ranges from independent and commercial organizations that engage with standard setting, testing, certification, inspection, warranties, arbitration, and information provision. Here one could think of influential organizations such as the Underwriters’ Union (UL) and Standard and Poors, but also consumer protection or the supervision of Halal or Kosher food standards by organization such as the Orthodox Union (viz. Yilmaz 1998).

¹²² NGO’s and corporations engage in government on a large scale too. Initiatives based on the idea of Micro-credit by Muhammad Yunus or the property rights movement inspired by Hernando de Soto present an interesting mix of NGO and corporate involvement in the government of development (viz. Mitchell 2007; Mitchell 2009).

is susceptible to being filled by less democratic forms of rule. The emptied out state of neoliberalism lends itself to all sorts of political projects, which are not all necessarily models of democratic government. Both Harvey (2005, 70) and Mirowski (2009, 441) refer to Karl Polanyi, who warned already in 1957 of a similar contradiction in liberalism, that the pursuit of the free market requires assigning the state new and more powers:

The road to the free market was opened and kept open by an enormous increase in continuous, centrally organized and controlled interventionism ... Thus even those who wished most ardently to free the state from all unnecessary duties, and whose whole philosophy demanded the restriction of state activities, could not but entrust the state with new powers, organs and instruments required for the establishment of *laissez faire*. (Polanyi 1957 quoted in Mirowski 2009, 441)

The proto-neoliberals at the MPS such as Hayek (1994) whose initial concern with the authoritarianism of the planned state (viz. Foucault on invariant), may have given birth to an equally authoritarian political project. Stuart Hall (Hall 1988) in his analysis of Thatcherism already noted that its neoliberalism presented a paradoxical mix of virulently liberal pro-market policies and a less liberal, form of “authoritarian populism.” Virtually every serious account of neoliberalism today (Harvey 2005; Peck 2010) contains references to the association of neoliberalism with authoritarian regimes. Naomi Klein’s (2007) *The Shock Doctrine: the Rise of Disaster Capitalism*, offers plenty of examples of how neoliberal reform has either benefited from or at least accompanied the forceful destruction of the democratic state. The textbook reference are the neoliberal reforms introduced by Pinochet’s dictatorial regime, and Milton Friedman’s alleged involvement. But one could equally point at the neoliberalism of China’s or Singapore’s authoritarian regimes (Harvey 2005) or the neoliberalism of Mubarak’s Egypt (viz. Mitchell 2002). And the list should be extended to include post-Apartheid South-Africa, Iraq, Palestine, Israel, the Gulf and large swaths of either Africa or South America (e.g. Khalidi and Samour 2011; Klein 2007; Nitzan and Bichler 2002; Peet 2002; Whyte 2007). In the US, as argued by Brown and likewise by Harvey, the political void created by neoliberalism opened up the state in the Bush era to the authoritarian moral politics of neoconservatism. It remains to be seen whether and how Obama and his response to the crisis is going to re-fill the empty state space.¹²³ For the Netherlands, it is not immediately clear how the strong state of neoliberalism has been seized. On the one hand we have seen through the discourse of ‘*het borgen van het publiek belang*’ (safeguarding the public interest) that the residues of the modern liberal social-democratic logic of the state still fare strong. On the other

¹²³ For a first attempt at appraising Obama’s economics, see chapter 6 in Peck (2010).

hand, also with the rise of populist demands, one can discern a trend towards a more conservative, stronger state with Dutch characteristics.

One of the truly pressing intellectual questions that will continue to surround neoliberalism is to further investigate the novel features of the decentered state of neoliberalism. My thesis that neoliberalism is a deconstruction of the modern relation between market and state and its subsequent decentering of the liberal democratic state, I hope, will offer fruitful avenues for that kind of research.

The End of the Market (As We Knew It)

The argument that neoliberalism consists of a deconstruction of the modern liberal relation between the market and state has evidently affected the way we conceive of the state. Less plain and less known is perhaps how it also decenters the market. Foucault's notion of governmentality has often been associated with the decentering of the state (e.g. Jessop 2007; Kalyvas 2002; Kerr 1999; Mitchell 1991). It has hardly been recognized however – Urs Stäheli (2010) being the only exception – I argue, how Foucault's analysis of neoliberal governmentality in fact also entails a decentering of the market. While the purpose of the discursive politics of neoliberalism is to alter our governmental rationality and the way we perceive the state, it also gravely affects how we think of the market.

As was argued, the liberal governmentality was predicated upon a naturalist view of the market. It was the view that the market is a zone of conduct that is governed by its own mechanisms, such as the laws of supply and demand. In the naturalist view, the market is ascribed a kind of economic essence. All forms of liberal government, it was argued, have to respect the economic nature of the market. Ideally liberal government honors the market's nature, but if deemed necessary it can act against it. Neoliberalism, so the argument goes, departs from the naturalist view of the market. Through its constructivist view of the market, neoliberalism decenters the naturalist market. The market in neoliberalism does no longer uniquely refer to the naturalist market, but rather figures as an imagined market that has no set referents in reality. Where the naturalist market derived its meaning from its assumed nature, it is much less clear what meaning to ascribe to constructivist markets. As the cartoon from the introduction for instance makes clear, one can hardly discern any specific meaning in the idea of a terrorist market there. The analysis in chapter 4 brought to the fore that the markets imagined by US think tanks only partially related to the naturalist market and often served to highlight some specifically desired aspects of the naturalist market, such as competition, free choice, and even moral character. The case studies of chapter 5

also served to highlight how one is struggling to figure out the exact shape of the neoliberal market constructions. Many of the markets dreamed up in neoliberalism are, from the point of view of the naturalist market, at best incomplete or botched markets.¹²⁴ Only some aspects of the naturalist market resurface in these neoliberal constructions, and they one, typically require major state involvement in the continued operation of these markets. States determine the initial stocks of emission rights and their distribution, states determine desired market outcomes when firms compete for the market, and states determine the shape and substance of market oversight. Incomplete and inept, the imagined markets are consequently all born with built in market failures. The neoliberal markets still hardly resemble the naturalist market that we knew from liberalism.

The discursive politics of neoliberalism thus has inadvertently contributed to the decentering of the market. This is not surprising given that it builds on the politics of the market metaphor. It was already suggested in the introduction that the discursive politics of neoliberalism and its reliance on the market metaphor entails an *anti-economistic* reading of the market and the economy. Where *economism* can be defined as a type of politics that takes the nature of the market for granted and treats it as a prescription to politics, neoliberalism decenters this economism of the market. One of the consequences is that in neoliberalism, the market becomes less and less understood as a quasi-natural economic necessity and increasingly as a political construct. The anti-economistic decentering of the market in neoliberalism as a consequence has produced a renewed politicization of the market. In chapter 4 for instance, we encountered some of the specific types of politicization that the market has been undergoing in the discourse of US think tanks. In chapter 5, we saw that the Dutch advisory councils on the contrary were looking for ways to quell the possible re-politicization of the market. More generally then, the argument is that the decentering of the market in neoliberalism has contributed to a renewed re-politicization of the market. The neoliberal decentering of the market, I think, moreover raises important intellectual issues, one backward looking and the other forward looking.

To begin with, the contemporary neoliberal decentering of the market may affect the way we look back at the history of the idea of the market. If we are right in claiming that one of the main features of neoliberalism is the decentering of the market, what does this tell us about the modern idea of the market it is displacing? If the market in neoliberalism not just serves to rearticulate the state, but also

¹²⁴ The image of a botched or manqué markets occurred to me in a review of a book that described the various neoliberal attempts at constructing markets in the Netherlands, see Zuidhof (2006)

affects the way we understand the market itself, how does this then reflect back on the way the market had always been perceived? Neoliberalism was presented here as a constructivist view of the market and as such was contrasted to the modern, naturalist view of the market. This contrast obviously creates the impression that rather than the market of neoliberalism, the modern naturalist market of liberalism was not a construction. While this contrast is useful for delineating the specific features of neoliberalism, the constructivist politics of neoliberalism may retroactively however alert us to the fact that the naturalist market of the modern liberal governmentality was a construction of sorts too. The constructivism of neoliberalism is not merely deconstructing the authority of the modern, naturalist image of the market today, but also calls into question its supposed naturalness in the past. And thus, to reiterate an important question once raised by Bruno Latour (1993): have we ever been modern?

While this is a complex question, it is worth highlighting one aspect in the context of the argument made here about neoliberalism. This is the point that the market, even in its modern guises has always already been a construction and the subject of deconstruction. In that sense, the market was never modern. Recall from chapter 1 that both Taylor and Foucault approached modernity in terms of a comprehensive social-political outlook. For both, the idea of the market and in particular evolving conceptions thereof, were seen as crucial for understanding the emergence of the modern social-political outlook. In their accounts, modernity already concurs with a construction of the market if not its deconstruction. Taylor for instance points out that the modern social imaginary was in important ways shaped because of a new idea of the market or economy as a society of mutual benefit (viz. 2004, 76). Similarly, Foucault specifically writes that our modern liberal governmentality required that the market acquired a new, modern meaning (viz. 2007, 95). Modernity, in the form of the modern social imaginary or modern liberal governmentality thus depended on a very specific, that is, modern construction of the market. A defining feature of modernity and the modern image of the market is however that it has been very successful at erasing or forgetting its own construction. The modern construction of the naturalist market is hence well-suited at concealing its 'unnatural' construction. This way, as Yack (1997) for instance argues, modernity is easily turned into a fetish of itself.¹²⁵ It is the seeming naturalness of the market then that makes the modern image of the market

¹²⁵ While I do agree with the general thrust of Yack's highly perceptive analysis of the uses of modernity, I disagree with his argument that 'postmodernists' especially have reified the fetish of modernity.

specifically modern. It is moreover what sets the modern construction apart from its neoliberal constructions. Where the modern construction of the market always managed to downplay its own construction, neoliberalism on the contrary expressly activates the constructivist nature of the market. One of the fortunate consequences of neoliberalism then is that it may assist in reactivating the obliterated genealogy of the modern market constructions. One of the unintended lessons of neoliberalism is that the market has never been modern.

At this point, I imagine, some readers may have lost their patience. Especially after arguing for the decentering of the market in neoliberalism, one may get frustrated over what meaning is left of the market. The critical reader probably wondered all the way from the beginning how the market is being defined in this thesis, especially given that ‘the market’ is such a central concept for neoliberalism. What is meant by ‘the market’ and what exactly does it refer to? What is a market? Do I know what the market is; or how do I ideally define the term? How can we really understand liberalism and neoliberalism, if we do not make more explicit what is meant by the market in these governmentalities? And conversely, one may charge that some implicit idea about markets must have been guiding the discussion of liberalism and neoliberalism, for instance when it is claimed that neoliberalism is a politics of the market metaphor, or that in neoliberalism the market has been unmoored from its natural place in the economy. Is there still any substance left to the ‘market,’ and if so what is it? Or did it become an empty signifier?

From the preceding discussion it should be clear that there is no definite, a-historical or foundational meaning to the idea of the market. One will look in vain for a full and complete definition of the idea of the market.¹²⁶ The simplest definition of the market will always call forth additional conditions or clauses. Economics textbooks, as studied in chapter 2, hardly ever provide a glossary definition of the market and if looked at closely are quite imprecise at describing and defining their central-most concept, often resolve this elusiveness by presenting the famous market graph. Even if sufficiently well specified, market definitions are at best historically situated and temporarily stabilized meanings of

¹²⁶ To prove my point I always like to conduct a thought experiment: take the simplest dictionary-type definition of a market, such as a market is a site where goods are exchanged. Next, start complicating. How is this definition of market exchange different from say theft, or a command economy? You will continue adding additional concepts such as that the goods are exchanged voluntarily, property rights are defined and respected, prices are formed, trade takes place, there is a tendency to some kind of equilibrium, as the result of groups of potential buyers and sellers, there is no interference of powerful players. The upshot is that the market appears not as a well-defined idea, but rather as an ever-expanding repertoire of ideas and concepts.

the term. And these, as the discussion of the modern idea of the market served to show, are always temporal and subject to deconstruction.

Without wanting to sound blasé then, the most principled answer is that there is no definite meaning to the market. This should however not be taken as merely the expression of a postmodernist anything-goes stance, since the market is anything but devoid of meaning. The concept is still very powerful and continues to be widely used and obviously confers meaning in all sorts of contexts. But instead of looking for some transcendent source however, it is more productive to claim that the meaning of the concept is decided immanently in the various practices it is being used in. Rather than describing in advance what the market is, I would propose, it is more productive to look at how the market is being employed. Chapter 4 brought to the fore that among the US think tanks studied, the market signified quite divergent things, ranging from a game with winners and losers, a site of discipline, freedom of choice, to a moral order. These immanent meanings of the idea of the market are not derived from one single underlying idea of the market, but were articulated by drawing on certain attributes of the market. The meanings of the market are hence not predetermined, but rather historically contingent. The contemporary uses of the market certainly stand in a long tradition of market talk on which they draw and from which they detract. When we use the market today we still draw on many of its meanings the term has had for ages. Even in our time of computerized trade and high tech markets, we still refer to marketplaces with stalls and hustle and bustle. On the other hand, while you can nowadays use the market to refer to terrorism, dating practices, or the exchange of ideas in academia, one (still) cannot use it to describe peanut butter, the occupation of Palestine, or a personal argument with your lover, or could you? While the meaning of the market gets decentered, it is thus still far from anything goes.

The rise of neoliberal discourse only further highlights such an immanent reading of the meaning of the market. The argument of this thesis is that neoliberalism consists of metaphorical and constructivist uses of the market and it hence thrives on the proliferation of immanent meanings of the market. While neoliberal discourse takes its liberties with regard to the traditional meanings of the market, its discursive politics also heavily borrows from it and thus extends the chain of signification. Neoliberalism enables us to think of a great many spheres of life in terms of the market, but since many of these imagined markets are from the perspective of the modern market incomplete markets at best, it has also undeniably set the meaning of the market adrift. Neoliberalism has definitely not eradicated the meaning of the market and it cannot violate its traditional meanings

too much, but it has unmistakably set its meaning further afloat. So, my reticence to give a definition of the market is in fact concordant with the discursive politics of neoliberalism. In the end, the market is, what one does with the market.

Neoliberalism in More than One Country

The deconstructive view of neoliberalism advanced here, takes issue with an important feature of the popular narrative about neoliberalism. Neoliberalism is typically presented as a global and hegemonic political discourse. In his *Brief History of Neoliberalism*, Harvey for instance opens by claiming that “neoliberalism has ... become hegemonic as a mode of discourse” while he sets out to study “what were the forces that made it so hegemonic within global capitalism” (2005, 3 and 9). While Harvey would be the last to blame for having an overly universalist idea of the global hegemony of neoliberalism, it follows from the argument made here about the deconstructive nature of neoliberalism, that neoliberalism is not a univocal and predefined political doctrine. Instead of a hegemonic political doctrine, neoliberalism rather takes the form of a global strategy that manifests itself all over the world in a variety of different guises. The economic geographer Peck (2010, 7) makes a similar argument when he writes that “neoliberalism ... has only ever existed in ‘impure’ form, indeed *can* only exist in messy hybrids” emphasizing the uneven spatio-temporal multiplicity of processes of neoliberalization.

To examine the multiplicity of neoliberalism, this study contrasted the discourse of policy think tanks in the US and the Netherlands to explore whether and how neoliberal discourse varied between them. What discursive strategies do the policy think tanks in these two countries avail themselves of? To what extent do they articulate similar or dissimilar neoliberal governmentalities? And could it perhaps be argued that there exists such a thing as a typically American neoliberal governmentality that is distinct from its Dutch counterpart? Before answering these questions one methodological caveat should however be put in place. This study was based on a limited sample of policy think tanks in both the US and the Netherlands and for each only a few sources were analyzed. The conclusions that can be drawn from such a limited sample should hence not be overstated and does not warrant inferring general conclusions about *the* American or Dutch governmentality, or even about the views of individual think tanks. This study was however not conducted with the aim of offering a comprehensive and representative account of market discourse in these two countries, but sought to tease out some of the divergent patterns in neoliberal discourse. Whenever there is

a reference to an American or Dutch view or the view expressed by a particular think tank, these should always be taken as examples not generalizations. The purpose of contrasting the various examples from the one national context with those of the other, is to put each in a broader perspective. Anyone intimately familiar with neoliberal discourse in the US, will be surprised to read the somewhat outlandish discourse from the Netherlands, and vice versa.

The survey of the think tank landscape as contained in chapters 4 and 5 is exemplary of the multiplicity of the discursive market politics of neoliberalism. It presents us with a rich repertoire of the various neoliberal articulations. As we saw, the various neoliberal articulations share that they, one way or another, draw on the metaphorical power of the market. In this respect, they are unmistakably neoliberal. At the same time however there are a number of striking contrasts between the American and Dutch contexts. I want to highlight two clearly distinguishable patterns that manifested themselves in the two contexts. The first is the contrast between the role of, and attitude toward the state. The second is the degree in which the idea of the neoliberal market performs either a politicizing or depoliticizing role in discourse. Taken together, I will be claiming that the contrast in market discourse is one between on the one hand a politicizing, anti-statist neoliberalism in the US versus the depoliticizing, statist neoliberalism of the Netherlands. Let me briefly explain.

The first striking contrast between neoliberal discourse in the US and the Netherlands is their nearly opposing attitude toward the state. While I have been arguing that neoliberal market discourse in general decenters the state, American and Dutch discourse display a nearly opposite attitude of how that is shaped. In US discourse the market is mobilized for various reasons to wrangle issues from the hold of government. The Cato Institute advocates school vouchers because it perceives it as a better guarantor of freedom of choice in education than government systems. The Heritage Foundation advocates market reforms in health care because it caters better to a right of self-determination than government would do. For a diverse range of political reasons, the market is proffered to keep government at bay. This anti-statist meaning of the market stands in stark contrast to how it surfaces in the Dutch reports. Granted that also there, the market is presented as an alternative to the state, its market discourse is nonetheless – and somewhat paradoxically – deeply statist. In the Netherlands the market is primarily considered as a novel and better form for the state to achieve its governmental objectives. The reports all critically examine whether and how the market can be deployed as an alternative form of government. Rather than a way to liberate

society from the stranglehold of the state as in the US, the market in the Netherlands does the opposite. There the market is considered a more efficient way of achieving the goals of the state. Recall for instance the dominance of the '*borgen*' and '*marktwerking*' metaphors. The Dutch want its workings, but not the market. They moreover only want it when it helps them secure the public interest. To use Foucault terminology, in the US the market is presented in its classical sense as a limit to government, while the Dutch cases probe the limits of the market for achieving the objectives of government. While both are decisively neoliberal – the market is unmistakably examined not as the object of government but as its means – they veer in almost opposite directions. Drawing on the market in apparently similar ways, we end up – paradoxically – with two practically contradictory varieties of neoliberalism, in the US clearly anti-statist while in the Netherlands, patently statist.

Related to this first observation on the perceived anti-statism or statism of neoliberalism in these two countries, is a second difference, which is the degree of politicization. As noted, in the US the market had primarily a politicizing effect. The market reflected varying political sentiments. The market was staged for diverging political reasons and it featured in quite diverse political programs. The libertarians of the Cato Institute advocate the market with a different political ideal in mind than perhaps the moral conservatives of the Heritage Foundation, the pro-business conservatives of the American Enterprise Institute, and the liberals of the Brookings Institution. For each of these, the market reflected different political ideals. Again when contrasted with discourse in the Netherlands, it becomes clear that the market not everywhere performs the same function. In the Netherlands, there was a clear urge to depoliticize the debate over the market. Here, one sought to divest the market from its political meanings and the market appeared as a way to make government less political. The effect of the market was to neutralize and otherwise political debate. Resorting to the market, questions of government were made seem less political and a matter of economic science instead. Once again, neoliberal discourse shows two quite distinct faces.

One might of course argue that the observed differences between the US and the Netherlands in attitude toward the state and the political role of the market, is biased because of how the sources were selected. In the US, independent policy think tanks were selected that operate in a highly political field somewhat at the remove of government. For the Netherlands, I took recourse to government instituted advisory councils. No wonder that US discourse comes out as deeply political and antistatist, while Dutch discourse is relatively unpolitical and highly

statist. While this is unmistakably true, the selection of sources is not a sufficient explanation of the observed differences. It would be an overstatement to argue that think tanks and advisory councils argue the way they argue solely due to their position in the political system, or because of who is paying them. Irrespective of their position in the political system, think tanks and advisory councils could theoretically also have argued otherwise. It seems more plausible that their statements together with their position in the political system are a reflection of a deeper, underlying governmental rationality.¹²⁷ Why are there no advisory councils in the US that make similar claims as the Dutch, and why are there hardly any think tanks in the Netherlands that issue comparable statements? It is more productive, I think, to view the US think tanks and the Dutch advisory councils as integral parts of a wider system of discursive expressions. It is as such, that their expressions do offer an insight into the deeper governmental rationality of which they are a testimony.

We might thus conclude that the US think tanks and Dutch advisory councils articulate two, opposing neoliberal rationalities of government. While both are derived from the discursive politics of the market and both offer the market as a legitimization of government, they constitute two highly dissimilar neoliberal governmentalities. Foucault already differentiated between American and German neoliberalism and with a few qualifications, this distinction seems surprisingly applicable to our cases as well. For Foucault, American neoliberalism consisted of a universalizable form of market government. A similar view of government indeed pervades the discourse of the US think tanks studied. German neoliberalism or ordoliberalism, was distinct in how it provided a legitimization of the state. It is a vision of government in which the state derives its legitimacy from how well it organizes the market so as to let the market do its beneficial work. The discourse of the Dutch advisory councils thus appears to have great affinity with this German inflection of neoliberalism. Without exception, the Dutch advisory councils concern themselves with the question of how the market can be harnessed not just to serve private interests but the public interest as well. The notable contrast is that the effect of the anti-statist American neoliberalism is an advanced hollowing out of the state (cf. Brown 2006), whereas the effect of the German inspired

¹²⁷ I am here steering at a middle ground between two absolutes, on the one hand a materialist theory of meaning, which claims that all expressions are a reflection of one's material position, and on the other an idealist theory of meaning, which would claim that one's material position is wholly determined by ideas. Foucault's notion of discourse has always maintained that discourse is both material and non-material, and that practices are just as much discursive as language.

neoliberalism of the Dutch advisory councils anticipates an intensification of statist control.

The contrast between these two modern day versions of American and German neoliberal governmentalities, qualifies the thesis of a global neoliberal hegemony. It serves to show that neoliberalism, even despite its undeniably global appeal, is not a monolithic political doctrine but a highly variegated political project. Not only has it by far not succeeded to completely hegemonize global political discourse, it has also given way to highly localized versions of neoliberalism with its varying political implications. Whether that is a blessing or a curse, I leave to the reader.

The Attractions of Neoliberalism

The discursive market politics of neoliberalism, as is argued here, deconstructs the modern liberal governmentality, decentering in the first place the state with also the market in its wake. While this may be taken as a factual observation, a more difficult question to answer is why neoliberalism gained so much traction in the first place. How and why did a political rationality that undermines the state and liberal democracy, become so popular? What explains the attraction of a political rationality that derives its legitimacy from the marketplace as against ‘We, the People’? The question of the attraction of neoliberalism and the power of the market imagery for contemporary political thought would require a separate study, but let me speculate here about a possible answer. The attractions of neoliberalism are perhaps much more complex and intricate, but based on the thesis put forward here, they must somehow be the result of the discursive power of the idea of the market.

For Foucault the emergence of neoliberalism should obviously be put in a broader historical context to which it responds. A novel governmentality such as neoliberalism could only emerge because of some sort of crisis within an existing governmentality (viz. Foucault 2008, 68). One reason why a crisis emerges in the liberal political rationality, according to Foucault, is that it may have become “liberogenic,” meaning that its attempts at creating freedom actually produce the opposite. Foucault argues that in the eyes of the early German and American neoliberals, Keynesianism may have precisely had this effect (69). Its economic interventionism was seen as leading to unfreedom, as was perhaps most forcefully argued in Hayek’s *Road to Serfdom* (1994). For Foucault more generally, neoliberalism emerges in a context of “state-phobia” (2008, 76) where the state could less and less be construed as an intermediary of freedom and increasingly

lost its legitimacy. As Jackson (2010) for instance has argued, early neoliberalism is in every way a response against a strong state. Neoliberals hence came forward with novel political rationalities that were anti-statist and derived its legitimacy of government from the market. For Foucault then, with the state for various reasons de-legitimized, the market was put forward in neoliberalism to provide a new legitimacy for government. The image of the market apparently offered a rich new vocabulary to replace the worn out language of the state, enabling the articulation of a new political rationality. As many theorists of neoliberalism are moreover eager to explain, this discursive turnaround occurred against the background of a major historical and economic shift in the 1970s that inaugurated the end of the era of embedded liberalism and required the articulation of new political rationality (viz. Duménil and Lévy 2004; Harvey 2005; Peck 2010).

To understand the attraction of neoliberalism therefore requires explaining the power of the idea of the market. What makes the market such an appealing idea, aside from the waning of statist imagery? Why would one root for the market and turn this concept into a hallmark of political order? The market actually, had a great appeal to Foucault himself. Behrent (2009) warns against a too facile embrace of Foucault's analysis as being critical of neoliberalism and critical of market politics, as his readers assume that he must be on the Left. Taking heed of the specific historical and intellectual context of Foucault's analysis, Behrent argues that for Foucault liberalism and neoliberalism on the whole may have had a positive ring. He for instance points at an anti-Marxist sentiment that emerged in the 1970s in France in response to its statism and totalitarian tendencies. Foucault's lectures clearly reflect such an anti-Marxist sentiment. Behrent moreover shows how economic liberalism and neoliberalism in particular present a form of liberalism that lies close to Foucault's heart, as it does not presuppose some kind of humanism. According to Behrent, Foucault is developing a type of liberalism that is not derived from external principles such as human rights, the law, or other anthropological claims. The attraction of liberalism for Foucault is that it presents a very efficient form of power whose source is internal sources and has its own limitation inscribed. For Foucault then, the attraction of the market is that it represents a self-sufficient structure of power.

As opposed to Foucault, Harvey (2005, 5) for instance does ascribe the attraction of neoliberalism to humanist values. Behind the upsurge of neoliberalism, Harvey claims, were important political ideals like "human dignity" and especially "individual freedom." Just as ideals of dignity and freedom have been important in virtually every political revolution, they were also mobilized to

garner support for neoliberalism, he argues. And it is indeed not difficult to see how the discursive politics of neoliberalism taps into a near-innate attraction of freedom. The rise of neoliberalism to its hegemonic position, is according to Harvey due to the various discursive practices that somewhat deceitfully constructed the market as the “exclusive guarantor of freedom” (2005, 40). With its emphasis on individual freedom moreover it was able to dissociate a host of political projects from appeals to social justice and state involvement and reframe them in purely individualist terms. Peck (2010, 39) emphasizing that neoliberalism does not have a single author, a single place of birth, nor constitutes a singular program, also appeals to the idea of it being “freedom, rebooted.” Following these lines of reasoning, the appeal of the market as a political idea derives from its promise of freedom. For Harvey as well as Peck, the appeal of neoliberalism is found in the market as the epitome of individual freedom. Although this stands in sharp contrast to Foucault’s account of neoliberalism, both accounts take freedom as the ultimate appeal of the market.

The analysis of chapters 4 and 5 brought to the fore however that the discursive appeal of the market does not let itself be reduced to freedom alone. The political appeal of the market turned out to extend well beyond just the value of freedom and actually involved a disparate web of political values and virtues. We learned from the discourse of US think tanks that the market fitted in a diverse set of political narratives, each shifting the exact political meaning of the market. The libertarian discourse with its emphasis on liberty remained perhaps closest to the value of freedom but even there, morphed into emphasizing choice and voluntary action rather than liberty *per se*. In the discourse of the American Enterprise Institute we encountered that in addition to the value of enterprise, the market could stand for a Christian virtue of (self-)discipline: the market for instance puts a check on desires and stimulates one to exploit one’s talents. In a similar vein, in her epic work on the bourgeois virtues Deirdre McCloskey (2006, 2010) argues that the market not just stimulates prudence but involves a whole set of virtues, ranging from faith, love, hope, to courage, temperance, and justice. At the Heritage Institute, we saw that the market was represented as part and parcel of a conservative, American set of values. The market not just appealed to the value of freedom but was continuous with a more comprehensive notion of American-ness. At Brookings, the market was at one point likened to a game, with its rules, competitors, winners but also losers, and it pointed at the relevance of a referee. In the Dutch debates, the market was similarly equated with a variety of values, ranging from freedom of choice, efficiency, competition, discipline, to self-

determination, which had to be squared with the public interest. Above and beyond freedom then, the market also represents independence, competition, non-interference, self-determination, openness, self-worth, creativity, representation, up to democracy, to name just a few. The market then, can be virtually anything.

The attraction of neoliberalism hence derives from the fact that the market and the market metaphor functions as a rich vat of political meanings. In studying the centrality of the idea of the market within the history of European integration, Nicholas Jabko (2006) for instance claims that the market functions as a rich “repertoire of ideas,” a feature that was allegedly skillfully exploited by the European Commission. More generally speaking, the discursive politics of neoliberalism continually does things with the market by utilizing this repertoire of ideas. The political richness of the market metaphor, played against a background of a waning appeal of the state, made it possible for neoliberalism to make its inroads into our political discourse. At a time when the appeal of the state for our political imagination appeared to have worn off, the market metaphor fed us with much-needed, new political imagery. The political richness of the market metaphor moreover explains the registered diversity of neoliberalism. The attraction of neoliberalism and its subsequent ascendance can therefore be attributed to a clever use of the political overtones of the market metaphor.

There is one particularly potent political image of the market that speaks through many if not all of the images encountered here. The market is often equated with the idea of non-domination or the absence of a monopoly over power. It is the idea that a competitive market generally rules out any form of domination or monopoly. Neither producer nor consumer can dominate outcomes and either party engages voluntarily in the exchange. An ideal market knows no monopolies, dictates, or oppression. As Samuelson and Nordhaus ask in the opening chapters of their textbook, “Who are the Monarchs of the Market?”:

Who rules a market economy? Do giant companies like Microsoft and General Motors call the tune? Or perhaps Congress and the president? Or advertising moguls from Madison Avenue? All these people and institutions affect us, but in the end the major forces affecting the shape of the economy are the dual monarchs of *tastes* and *technology*. Innate and acquired tastes – as expressed in the dollar votes of consumer demands – direct the uses of society’s resources. (SN, 28)

The market has no monarchs or rulers, and the ideal market dispenses with a notion of sovereign power. It is the attraction of the image of the invisible hand. And a similar idea of a self-ruling market is found in the Hayekian idea of a spontaneous order that works better than any visible hands, central decision making or planning. The fundamental political attraction of neoliberalism is the view of government

which the image of a self-ruling market puts forward. The image of a self-ruling market not only dispenses with the state but proposes a view of government that no longer requires government. It suggests a form of rule that has no ruler, it is a form of power that has no sovereign and it presents itself as a political form that is free from politics. In Behrent's reading, such an image of the market as the purest form of government is what may have appealed to Foucault. I would be inclined to be a little less positive. While the idea of the market as a sovereignless government may very well explain the attraction of neoliberalism, I am afraid that such an image borders on fantasy. One of the important remaining intellectual challenges of neoliberalism is to explain the political powers lurking behind this fantasy. Is neoliberalism driving us towards an anti-democratic authoritarianism as Brown (2003, 2006) has it, or towards the uncontrolled powers of corporations (viz. Mirowski 2009), or even worse, towards both.

Does Studying Economics Make You a Neoliberal?

Another question raised in the introduction was concerned with the function of economics for neoliberalism. The popular narrative of neoliberalism ideally portrayed the discipline of economics as the font of neoliberal ideology. According to the popular account, neoliberalism was dreamt up in the economics departments such as that of Chicago, neoliberal policies must be flowing off the pages of the economics textbooks, and economics is a neoliberal science. The question whether studying economics affects your political or moral views has of course been studied before (viz. Frank, Gilovich, and Regan 1993, 1996). More recently a study by the Federal Reserve Bank of New York found that studying economics indeed does make it more likely that you become a member of the Republican Party (Allgood et al. 2010). The relationship between economics and neoliberalism however turns out to be a bit more peculiar. Against the background of the discursive account of neoliberalism presented here, what – if anything – is the role of the discourse of economics in the discursive market politics of economics.

The analysis of the textbook discourse of economics in chapter 2 at the face of it, paints a highly counterintuitive picture. The discourse of economics shows very little marks of neoliberalism and in fact calls forth a thoroughly modern, liberal governmentality. It was argued that the introductory textbook presents an account of economics that is not just deeply governmental but moreover highly modern and liberal in its account of the market. While there was significant variation in the modern liberal governmentality articulated, only few faint traces of what could be identified as a neoliberal governmentality were encountered.

Textbook economics is decisively governmental and liberal, but could hardly be called neoliberal. How are we to explain this surprising rift between the popular impression and our painstaking review of the economics textbook?

One obvious explanation is that there exists a significant gap between what economists teach and what they practice in their research and policy reports. It is probably true that the discipline's textbooks significantly diverge from and lag behind the latest insights in research and policy. The stylized self-representation of economics in its textbook is perhaps less faithful in its portrayal of the discipline. While I have no qualms about the existence of such a gap between what economists teach and what they practice, I have my doubts whether that is the entire story and want to venture an alternative interpretation. Does it make sense to suppose that the research or policy discourse of economics suddenly articulates a radically different, neoliberal type of rationality? Some of the more advanced approaches that are not dealt with in the introductory textbook, one important example is public choice theory, would probably be more expressive of a neoliberal governmentality. But while these approaches have been very important in advancing a neoliberal outlook and have happily been taken up by think tanks and wider policy circles (Stone 1996, chapter 10), they are probably also not sufficient to tell the complete story about the relation between economics and neoliberalism.

My idea is that the contribution of economics to the shaping of neoliberal discourse most likely took a more roundabout route. Considering the theory advanced here which emphasizes the discursive nature of neoliberalism, it is not likely to have been fostered by theoretical innovations or rigorous policy advice, but rather because they were inspired by more general forms of economic framing. Notwithstanding a number of important areas where theory did inspire neoliberal policies like public choice theory or the field of competition policy, the metaphorical market constructions of neoliberalism need not literally have been dictated by economists. Much of the discursive market work of neoliberalism probably only loosely and indirectly relies on the conceptual framework of economics. In many cases, in place of producing solid theoretical and empirical evidence in support of this or that policy economics rather functions as a source of inspiration by offering metaphors and schema's for the discursive politics of neoliberalism. In the analysis of textbooks in chapter 2, we identified a new trend of inviting students to think like an economist. It was suggested that it amounted to a rhetorical form that was conducive to the neoliberal outlook as understood here. The invitation to freely think as an economists, and to conjure markets wherever

one likes, seems to be much more in line with how neoliberalism is construed in this thesis, than the more liberal governmentality of the formal analysis. That is also why, with the discursive perspective of neoliberalism in mind, the toying with the market of the later Chicago generations of Becker and Levitt may have been even more important for neoliberalism than the staunch prescriptions of Friedman and the earlier generations. Studying economics does not straightforwardly teach you neoliberal policy prescriptions, even more so because much of its textbook discourse is conventionally liberal. By studying economics, however, you train your brain to think like an economist. Economics teaches one to think and talk of markets and inspires one to see them everywhere.

How then should we qualify this circumlocutory relation between economics and neoliberalism? Instead of viewing economics as a direct source of neoliberalism, I would argue, the relation is best characterized as *performative*. The idea of performativity of course derives from Austin who in *How to Do Things with Words* (1962) introduced the term to point out that our linguistic utterances not just report matters but also do something. There has recently been a bit of a surge in research on the question of performativity in economics, most of it inspired by the work of sociologists of knowledge such as Michel Callon (e.g. 1998, 2007) and Donald MacKenzie (e.g. MacKenzie 2003, 2004, 2006a, 2006b, 2007; MacKenzie and Millo 2003; Mackenzie, Muniesa, and Siu 2007). This literature explores whether and how economics is performative, that is to say, to what extent economics does things in the world beyond merely describing it. Going over the question whether economics is performative, MacKenzie (2007) makes a fruitful differentiation between various kinds of performativity in economics. He for instance differentiates between generic, effective and Barnesian types of performativity, as well as the notion of counter-performativity.

By generic performativity MacKenzie means that concepts of economics are being used in the very world studied by economists. Effective performativity refers to the practical use of economic concepts or insights in economic processes. These first two types of performativity MacKenzie in particular associates with the work of Callon, whose Actor Network Theory (ANT) approach argues for the embeddedness of economic practices in economics through all sorts of socio-technical institutions. MacKenzie on the contrary is primarily interested in a much stronger sense of performativity, which he named after Barry Barnes one of the founder of the strong program in the sociology of scientific knowledge (SSK). In his work, MacKenzie has been concerned with showing how certain theoretical insights from economics have contributed to making economic practice become

more like economic theory.¹²⁸ In a number of historical case studies, MacKenzie has famously shown how the economic theory of option pricing has been performative in this strong sense, in the end even becoming counter-performative.

Reviewing MacKenzie's classification, I think it would be more productive to speak of a Barnesian or MacKenziean and Callon-style type of performativity, the first rooted in the strong program of SSK and the latter in ANT. The MacKenzie type then focuses on the social transmission mechanisms that make economic theories come true, while the Callon type of performativity concentrates on mediating devices that format the world after economic insights. While these mediations are relevant to neoliberalism too, this thesis has brought to the fore that neoliberalism is constituted by a different kind of performativity that relies primarily on a linguistic mediation and performance. The presumed relation between economics and neoliberalism outlined above suggests that the performativity classification merits to be extended with a third category. Over and against the MacKenziean and Callonian types of performativity I would therefore like to (re-)invoke the Austinian or deconstructivist type of performativity (viz. Culler 2000).¹²⁹ The two existing types of performativity, I would argue, do not exhaust the way economics does something in the world beyond simply representing it. By introducing a deconstructivist type in which language is seen as always performative (Derrida 1988), the original notion of performativity is restored as in the first place a linguistic phenomenon.

It introduces a new sense in which economics can be said to be performative. Economics produces an elaborate discourse about the market that is repeatedly reproduced elsewhere and inspires future applications of the market metaphor. The textbook is of course an important interface for this kind of performative dissemination. In chapter 2, we saw that the economics textbook increasingly turns to the neoliberal figure of "thinking like an economists." In a study looking at the

¹²⁸ In his earlier work MacKenzie (2004) made a distinction between generic and Austinian performativity. Later he added effective performativity and the notion of counterperformativity. He however also decided to relabel Austinian performativity, Barnesian performativity (see MacKenzie 2006b, 29, note 1). The reasons cited by MacKenzie are interesting: "Didier's attack [see for instance Didier (2007)] on linguistic notions of 'performativity' convinced me that what I had been calling 'Austinian performativity' was better called 'Barnesian performativity,' because the invocation of Austin could be read as suggesting that the performativity of economics was a linguistic matter."

¹²⁹ Austin's *How to Do Things with Words* (1962) is seen as having founded Speech Act Theory, an analytical approach elaborated by Austin's student, John Searle. Upon re-reading the book, it occurred to me how deconstructive the approach taken by Austin in the book actually is and how he could be seen as arguing for a general theory of the performativity of all linguistic expressions. Where the exchanges between Derrida and Searle have been notoriously acrimonious (Derrida 1988), Derrida has been much more favorable to Austin.

how health economics was popularized among medical practitioners in the *British Medical Journal*, social science studies scholars Mulkay, Pinch and Ashmore (1987), come up with the notion of “colonizing the mind.” They argued that the economists in their case relied on an intricate rhetorical strategy, in many ways similar to those used in textbooks, to gradually colonize the mind of medical practitioners so as to make them see the functioning of for instance the National Health Service in economic terms. In its call to think like an economist then, economics is performative. It is no longer neutrally describing matters, but actively shaping them. The neoliberal call of the introduction to “think of it as a terrorist market” for example, could be interpreted as a literal answer to the call to think like an economist. By borrowing the market metaphor from economics and reiterating its discourse then, neoliberalism is performing parts of economic discourse. If asking how economics may have mattered for neoliberalism, the performative power of economic discourse should perhaps not be underestimated.

The Futures of Neoliberalism

The US mortgage crisis and the resultant global financial and economic crises including the European sovereign debt crisis have been hailed by some as heralding the end of the hegemony of neoliberalism. As we saw, some of the indignants on the squares in Spain and Greece literally announced the death of neoliberalism. Their calls were repeated recently by students in Chile and in the tents of protesters on Rothschild Boulevard in Tel-Aviv and elsewhere in Israel. These calls did not remain confined to anti-hegemonic, leftist protestors on the streets. Politicians that never deigned to use the term neoliberalism suddenly embraced the term to describe what went wrong in the financial crisis. In the Netherlands, Wouter Bos, leader of the Labor Party that subscribed to the Third Way neoliberalism of Blair, writes after the crisis that neoliberalism has served its term.¹³⁰ Kevin Rudd, the Australian Social Democrat, has explicitly argued that “the current crisis is the culmination of a 30-year domination of economic policy by a free-market ideology, that has been variously called neo-liberalism, economic liberalism, economic fundamentalism, Thatcherism or the Washington Consensus.”¹³¹ The financial crisis Rudd claims, “destroy[s] neo-liberalism’s claim to any continuing ideological legitimacy.” Sarkozy in France, not exactly a lefty, used the language of the street protest, to state in 2008 that “the ideology of the

¹³⁰ Wouter Bos, 2010, We Moeten weer Dienstbaar Zijn, in *De Volkskrant*, January 26, 10.

¹³¹ Kevin Rudd, 2009, The Global Financial Crisis, in *The Monthly*, February, <http://www.themonthly.com.au/monthly-essays-kevin-rudd-global-financial-crisis--1421> (last accessed: September 16, 2011).

dictatorship of the market and public powerlessness has died with the financial crisis.”¹³² Other than on the streets, also academics have asked whether the financial crisis could be interpreted as a crisis of neoliberalism (e.g. Brenner, Peck, and Theodore 2010; Duménil and Lévy 2011; Harvey 2009; Stiglitz 2008; Wallerstein 2008; Žižek 2011). Could the financial crisis and its global ramifications indeed have announced the end of neoliberalism? What future does neoliberalism have? And are we to respond to that future?

It would of course be naive to claim that the financial crisis will automatically lead to the end of neoliberalism or that it even causes a crisis of neoliberalism. We identified neoliberalism here as a complex discursive and deconstructive political strategy, and this already rules out the possibility of its sudden death. Peck, Theodore and Brenner (2009, 101) for instance argue that if we understand neoliberalism not as “a coherent and fixed edifice” or as “a finite end-state,” it may also be unwarranted to speak of a “totalizing moment of collapse.” In their words, “a singular, monolithic and unified neoliberalism might indeed be prone to a correspondingly ‘total’ crisis,” but neoliberalism is indeed too elusive to qualify. They moreover argue that because neoliberalism can be seen as having grown out of successive responses to crises, notably that of stagflation in the 1970s, it indeed requires making a very strong case as to why the financial crisis would suddenly entail its end. As was suggested by the cartoon from the introduction, neoliberalism apparently survived and even thrived on the terrorist attacks of 9/11 for example, the verdict on the effects of the financial crisis on neoliberalism therefore remains open.

While it is too early to speak of the end or demise of neoliberalism then, there has recently been some growing attention for the emergence of what is called, post-neoliberalism (Arce 2005; Macdonald and Ruckert 2009). This concept initially caught on in scholarship on South America, to address the attempts at developing alternative responses for overcoming neoliberalism in for instance Brazil, Argentina, Peru, Bolivia or more contestedly in Venezuela. With the financial crisis, the idea of postneoliberalism however may get a larger purchase to judge from a recent issue of *Development Dialogue* (Brand and Sekler 2009) that was devoted to postneoliberalism featuring contributions studying its appearance across the entire globe. The literature on postneoliberalism is concerned with analyzing and imagining the alternative constellations that might emerge – in

¹³² “l’idéologie de la dictature des marchés et de l’impuissance publique est morte avec la crise financière” See: <http://www.elysee.fr/president/les-actualites/discours/2008/mesures-de-soutien-a-l-economie.5198.html> (last accessed: June 2011).

multiple senses – after neoliberalism. Springer (2010) points out that like postcolonialism for example, the term postneoliberalism need not strictly refer to a period that comes historically *after* neoliberalism since that would again presuppose some kind of discernible end to neoliberalism. It rather addresses the working through of neoliberalism into some altered political rationality, that both breaks with yet is also a continuation of its past. Postneoliberalism as it may be anticipated after the financial crisis, can therefore be expected to maintain such a deconstructive relationship with neoliberalism. Just as the transition to neoliberalism was seen as a deconstruction of liberalism, the postneoliberal is a deconstruction of neoliberalism. While a postneoliberal political rationality will be marked by a departure from the dominance of the discursive politics of the market metaphor, it is at the same time unlikely to result in a simple return of the state as the most dominant political idea. The postneoliberal then neither announces a mere continuation of neoliberalism nor a return to the liberalism that preceded it, but at most a further deconstruction of what went before. The conclusion then seems warranted that the financial crisis and its subsequent fallout will not inaugurate the end of neoliberalism but at best amounts to its deconstruction.

What then might such a postneoliberalism or deconstructed neoliberalism look like? In two insightful articles, Wendy Brown (2003, 2006) has pointed out that one of the most disturbing features of neoliberalism as a political rationality has been its voiding of our liberal democratic vocabulary, principles and institutions by which it opened the way for illiberal, authoritarian forms of government. In one of these articles, Brown (2003) wonders how to respond to this attack on liberal democracy. Writing from a Left position, she explains that our responses are often forced into some form of *melancholia*. Melancholia is a psychoanalytical term for describing a situation of experiencing a sense of loss over something or someone to which one's attachment has been ambivalent.¹³³ Nostalgia, a sense of loss over an idealized past, is a specific instance of this idea of melancholia. The obvious response from the Left to a neoliberal attack on liberal democracy, Brown argues, resembles a state of melancholia or nostalgia. Neoliberalism obliges one to stand up for liberal democracy and call for the reinstatement of the state for instance. This is an act of melancholy or nostalgia according to Brown, because critics of

¹³³ Brown offers the example of melancholia that may accompany the death of an abusive parent. Someone may enter into a state of melancholia because it mourns not per se the loss of a parent, but the loss of a loving parent it never had. Melancholia is then a state of longing for something one never really wanted. Nostalgia is another example of this family of phenomena, as it describes a situation of experiencing loss or mourning over an idealized past. A nostalgic longs back to a situation that never was.

neoliberalism are seduced to defend the state, even if they were never the outright champions of the liberal democratic state as it was. Neoliberalism thus appears to force its critics into a melancholic corner where it starts advocating a position it ultimately never wanted to defend. Brown's analysis alerts us to the fact that the standard response to neoliberalism and its failures, is often a nostalgic one in which one attempts to swing the political pendulum back to an idealized past of a supposedly benign state. Brown warns for such an overly nostalgic wish to return to a liberal state, which is not just impossible, but even undesirable.

Although likely and very common, nostalgia need not be the only response to the perceived end of neoliberalism. Peck, Theodore, and Brenner (2009) sketch a number of alternative postneoliberal scenarios, which they derive from their theory of the global roll-out of neoliberalization. While it takes too far to go into the specifics of their scenarios, there is one element that is particularly insightful for the present discussion. They suggest that a first postneoliberal scenario of counter-neoliberalization might be that of *zombie neoliberalization*. Playing on the contemporary cultural predilection for zombies and related figures, the argument is that one response to the crisis is that neoliberalism and its policies are turned into a zombie category (Beck 2002). It is the scenario that while neoliberalism may continue to live on and might even become more entrenched, it is progressively becoming voided of meaning. Neoliberalism may be dead, but continues to roam our policy streets. This scenario ties in with the deconstructive analysis presented here, in which it was argued that neoliberalism gives way to a decentering of not just the state but ultimately the market too. If the decentering of the market goes on just long enough, the discursive strategies of neoliberalism become empty and hollow phrases that live on as zombies.¹³⁴ While Peck, Theodore and Brenner (2009) are aware of the likely persistence of the zombie stage, they argue that it could be followed by stages of actual counter-neoliberalization in which alternatives are finally articulated and could become more and more entrenched.

For the immediate future, my assessment is that the space for any form of postneoliberalism is marked off by on the one hand a liberal nostalgia for the state and a zombie neoliberal market on the other, where these two often strangely appear to coalesce (viz. Bond 2009). Anyone therefore dreaming of a postneoliberal world will have to take heed of and circumnavigate a liberal

¹³⁴ Peck, Theodore and Brenner point to an argument made by Bond (2009) who argues that a nostalgic, neo-Keynesian postneoliberal rhetoric actually shrouds even more austere neoliberal policy measures. The current response to the euro-crisis may be a case in point. While there is a call for stronger political cooperation in Europe, this cooperation is to put at the service of more rather than less austere policy measures.

nostalgia for the state and a simmering zombie neoliberalism. The discursive politics of the market is losing its charm, a postneoliberal future however, is far from certain or imminent. The challenge for any postneoliberal politics is to steer a way between the nostalgia for the state and the zombie neoliberal market. The question of how the discursive politics of the market will finally be deconstructed will be decided in the future. It will very much depend on whether the 'indignants,' young Arabs and other protestors on the streets, squares and in the tents, or whether politicians, populists and the people in debates on the future of the financial system, the euro and the way we govern our economic lives, will stumble upon a new, potent, and exciting image that after these deconstructions will recreate a new political imagination. If not the state, and no longer the market, what image could that be?

Nederlandse Samenvatting

Ingebeelde Markten: De Discursieve Politiek van het Neoliberalisme

Dit proefschrift opende met een cartoon uit het tijdschrift *The New Yorker*. In de cartoon zitten een aantal mensen rondom een vergadertafel. Door het raam ziet de lezer de koepel van het Capitool, de zetel van het Amerikaanse Congres. De persoon die aan het hoofd van de vergadertafel zit, spreekt de aanwezigen toe met de woorden: “Don’t think of them as terrorist states. Think of them as terrorist markets / Beschouw ze niet als terroristische staten. Zie hen als terroristische markten.” Deze cartoon is natuurlijk humoristisch bedoeld, maar ze geeft onbewust een veelzeggende inkijk in ons hedendaagse politieke denken. In eerste instantie becommentarieert de cartoon het (anti-)terrorisme discours van het begin van de twintigste eeuw. De cartoon drijft daarbij echter ook de spot met de hedendaagse reflex om bij lastige politieke problemen, zoals in dit geval de terrorisme dreiging, een beroep te doen op de markt. Deze politieke reflex om politieke problemen bij voorkeur op te laten lossen door de markt, wordt vaak als liberaal aangemerkt. De cartoon moet derhalve vooral gelezen worden als een kritisch commentaar op het neoliberalisme.

Het neoliberale sentiment zoals dat in de cartoon naar voren komt, stelt ons meteen voor een belangrijke intellectuele vraag. Hoe gemakkelijk we wellicht bovenstaande cartoon kunnen interpreteren als een reactie op een typisch neoliberale manier van denken, is het moeilijker om te benoemen waar dat zogenoemde neoliberalisme uit bestaat. Wat verstaan we eigenlijk onder het neoliberalisme en in welk opzicht onderscheidt het zich van standaard klassiek liberale manieren van denken over de verhouding tussen markt en staat? Zoals de cartoon inzichtelijk maakt, wordt het neoliberalisme gekenmerkt door een enigszins ongebruikelijke manier van omgaan met het idee van de markt. Het neoliberalisme wordt bijvoorbeeld vaak geassocieerd met een ongebreidelde geloof in de vrije markt en wordt vaak neergezet als een vorm van marktfundamentalisme. Hoe moeten we dit ongebreidelde marktdenken van het neoliberalisme begrijpen? De these die ten grondslag ligt aan dit proefschrift is dat het onderscheidende

kenmerk van het neoliberalisme is, dat de markt daarin als metafoor wordt gebruikt en dat het neoliberalisme het best te beschrijven is als een politiek van ingebeelde markten. Zoals treffend verbeeld in de cartoon, bestaat het neoliberalisme in eerste instantie uit een oproep om de wereld te zien *als ware* het een markt. In dit proefschrift wordt daarom onderzocht hoe deze neoliberale politiek van ingebeelde markten gestalte krijgt en wat haar consequenties zijn. Het politieke spel met de marktmetafoor van het neoliberalisme is verre van onschuldig en onderzocht moet worden hoe het werkt en welke consequenties het heeft. Vanwege de centrale rol voor de marktmetafoor, wordt in dit proefschrift betoogd dat het neoliberalisme het best kan worden beschreven als een discursieve politiek.

De ongebreidelde vormen van marktdenken van het neoliberalisme verhouden zich echter ongemakkelijk tot de tot nu toe gangbare wijze van denken over de verhouding tussen de markt en de staat. Dat politieke denken wordt namelijk gekenmerkt door een strikte scheiding tussen enerzijds de markt, en de staat anderzijds. De discursieve politiek van het neoliberalisme met haar nadruk op metaforische markten lijkt te breken met dat onderscheid, omdat de toepassing van de markt niet langer beperkt blijft tot het economische domein. De vraag die in dit proefschrift centraal staat is op welke wijze de discursieve politiek van het neoliberalisme de bestaande politieke categorieën ondermijnt en opnieuw vorm geeft. Hoe verandert het neoliberalisme en haar spel met de marktmetafoor de wijze waarop onze politieke opvattingen gestalte krijgen? Wat staat er op het spel wanneer we onder invloed van het neoliberalisme overal markten beginnen te zien, in het bijzonder in de domeinen die voorheen aan de staat toebehoorden? Door kwistig rond te strooien met de marktmetafoor heeft het neoliberalisme vooral effect op de wijze waarop wij de verhouding tussen de markt en de staat zien. Door de verhouding tussen markt en staat te herschrijven, zo maakt dit proefschrift duidelijk, zorgt het neoliberalisme er voor dat langzamerhand een nieuwe en geheel andere visie op bestuur gestalte krijgt.

Bij het onderzoeken van de gestelde vraag bouw ik verder op twee bestaande clusters van wetenschappelijke literatuur. Dit proefschrift is in eerste instantie geïnspireerd door het retorisch programma binnen de filosofie en methodologie van de economie zoals dat is ontwikkeld door Deirdre McCloskey en Arjo Klamer. Zij hebben velen ervan doordrongen dat teneinde de economie en de economische wetenschap te begrijpen, het wezenlijk is om ook de retorische eigenschappen van de economie en het economisch discours te onderkennen. Waar zij vooral hebben benadrukt dat de economische wetenschap niet los gezien kan worden van haar retorische vorm, laat ik in dit proefschrift zien dat die retorische functie er nog veel

sterker toe doet wanneer economische concepten gaan circuleren in een bredere politieke context. Ondanks dat ik mij in dit proefschrift aansluit bij de poststructurele kritiek op het retorische programma, was het zonder dit programma onmogelijk geweest om tot het inzicht te komen dat het neoliberalisme een discursieve politiek van de marktmetafoor behelst.

Om de veranderende politieke betekenis van het neoliberalisme te duiden wordt aansluiting gezocht bij een literatuur die is voortgekomen uit Michel Foucault's colleges aan het Collège de France aan het einde van de jaren '70. In deze colleges introduceert Foucault het begrip *gouvernementalité* of in het Engels *governmentality*, hetgeen zich in het Nederlands laat vertalen als 'bestuurlijkheid' of 'bestuursrationaliteit.' Foucault laat in deze colleges zien hoe de moderne conceptie van politieke macht in toenemende mate gevormd wordt door een gouvernementele of bestuurlijke rationaliteit. Vanaf de 17^e eeuw tot op heden wordt politieke macht hoe langer hoe meer uitgelegd in termen van bestuur en richt men zich op de vraag wat goed bestuur is en niet langer meer als een vorm van soevereine macht. Foucault onderzoekt onder andere de opkomst van een zogenaamde liberale *governmentality* of bestuursrationaliteit. Onder invloed van de opkomst van het moderne idee van de markt ontstond volgens Foucault een liberale bestuursrationaliteit waarin men de wetten van de samenleving – lees de markt – respecteert en zo min mogelijk bestuurlijk ingrijpt. Aan het einde van de collegereeks besteedt Foucault aandacht aan wat hij een neoliberale bestuursmentaliteit noemt, wanneer hij onder ander Duitse en Amerikaanse mutaties van het liberalisme bespreekt, waarin hij duidelijk maakt dat de markt een andere plaats krijgt in de wijze waarop het bestuur gelegitimeerd wordt. Foucault's analyse van het onderscheid tussen liberale en neoliberale manieren om het bestuur te begrijpen (*governmentalities*), vormt het kader waarmee in dit proefschrift wordt onderzocht hoe de discursieve politiek van het neoliberalisme onze visie op bestuur heeft veranderd.

Om te onderzoeken op welke wijze de discursieve politiek van de marktmetafoor de verhouding tussen markt en staat herschrijft, wordt in dit proefschrift nagegaan hoe het neoliberalisme discursief gestalte krijgt in twee verschillende contexten. Vanwege de interesse voor het discursieve karakter van het neoliberalisme is specifiek gekozen voor een analyse van twee 'discursieve' actoren. Binnen de literatuur over het neoliberalisme wordt vaak verwezen naar de belangrijke rol van zogenaamde *think tanks* in het verbreiden van het neoliberalisme. Denktanks zijn bij uitstek discursieve actoren en ze bieden dus een uitgelezen kans om de discursieve politiek van het neoliberalisme in actie te zien.

Daarnaast wordt wel gesuggereerd dat het neoliberalisme zou voortkomen uit de zogenaamde ‘neoklassieke’ economische wetenschap. Het is dan ook relevant om te zien hoe in een dergelijk kennisdiscours het neoliberalisme wordt vormgegeven. Hoewel bij beide veronderstellingen grote vraagtekens geplaatst kunnen worden, is niettemin relevant om te onderzoeken op welke wijze in deze twee contexten het neoliberalisme wordt vormgegeven. In hoofdstuk 2 wordt eerst onderzocht hoe de economische wetenschap een bijdrage heeft geleverd aan de formulering van een neoliberale bestuursrationaliteit. Vervolgens wordt in hoofdstuk 4 onderzocht op welke wijze de discursieve politiek van vier belangrijke Amerikaanse denktanks, te weten The Brookings Institution (Brookings), The American Enterprise Institute (AEI), The Cato Institute (Cato), en The Heritage Foundation (Heritage) het neoliberalisme hebben helpen vormgeven. Hoewel men zou kunnen zeggen dat de economische wetenschap in zekere zin een globaal discours is, opereren denktanks vooral in een lokale politieke context. Daarom is er verder voor gekozen om het discours van de Amerikaanse denktanks te contrasteren met een Nederlands equivalent. In hoofdstuk 5 wordt derhalve het neoliberale discours van Nederlandse overheidsadviesraden onderzocht. Door de twee contexten te contrasteren kan inzicht worden verkregen in de meer nationaal of cultureel bepaalde vormen waarin het neoliberalisme gestalte krijgt.

Teneinde na te gaan op welke wijze het neoliberalisme en haar discursieve politiek onze opvattingen over de verhouding tussen de economie en politiek aan het herschrijven is, moet uiteraard eerst benoemd worden welke gangbare visie door het neoliberalisme ondermijnd zou worden. In hoofdstuk 1 wordt daarom de intellectuele herkomst onderzocht van wat ik zal aanduiden als de moderne verbeelding van de markt. Aan de hand van het eerdergenoemde werk van Foucault over de moderne liberale bestuursrationaliteit (*governmentality*) en verder ondersteund door het werk van Charles Taylor over de moderne verbeelding van de sociale wereld (*modern social imaginaries*) betoog ik dat de moderne visie op de markt uiteenvalt in drie samenhangende elementen. Ten eerste wordt deze gekenmerkt door een naturalistische visie op de markt. Dit is de gedachte dat de markt een quasi-natuurlijk verschijnsel is dat zich volgens eigen wetten voltrekt. Ten tweede wordt uitgegaan van een strikte scheiding tussen het domein van de markt en het domein van de politiek, waarbij de politiek wordt verondersteld het domein van de economie te besturen. Hierin vindt men de bestuurlijke visie op politiek. Ten derde wordt de moderne liberale visie op de markt gekenmerkt door een gouvernementele visie op de rol van de economische kennis. Economische kennis dient ter ondersteuning bij het formuleren van een bestuursrationaliteit. De

rationaliteit van het liberale bestuur, zo wordt betoogd in dit hoofdstuk, is uiteindelijk te herleiden op een naturalistische visie van de markt.

In hoofdstuk 2 wordt onderzocht op welke wijze de economische wetenschap een bijdrage heeft geleverd aan het formuleren van liberale en neoliberale rationaliteiten van bestuur. Dat wordt gedaan door na te gaan welk beeld inleidende economische studieboeken, als representant van de economische wetenschap, van de markt schetsen. Wat als eerste opvalt, was dat de economische studieboeken vrijwel letterlijk de liberale bestuursrationaliteit lijken te verwoorden. De analyse maakt duidelijk dat economische studieboeken geen puur economisch verhaal vertellen, maar dat haar economische lessen altijd ingebed zijn in een bestuurlijk betoog, met een overwegend liberaal karakter. De liberale bestuurlijke logica komt bijvoorbeeld heel duidelijk naar voren in de behandeling van het begrip marktfalen. Daarbij komen gelijk ook subtiele verschillen naar voren, tussen de verschillende studieboeken ten aanzien van hoe zij die liberale bestuurlijke logica vormgeven. Afhankelijk van hun beeld van de markt, vertellen sommige tekstboeken een verhaal over de vrije markt, terwijl andere boeken imperfecties van de markt, of de noodzaak van een institutioneel kader voor de markt benadrukken. Deze verschillen leiden tot steeds een andere visie op het bestuur van de markt. Afgaande op haar studieboeken, blijkt de economische wetenschap ondanks deze belangrijke verschillen overduidelijk geworteld te zijn in een liberale, en niet een neoliberale bestuursrationaliteit. Op een aantal punten lijkt het liberale betoog van de studieboeken echter enige barsten te vertonen. Dit is het meest evident in een nieuwer genre studieboeken waarin de student opgeroepen wordt om de economische redeneertrant toe te passen op alle facetten van het leven. In mijn analyse is dit een voorbeeld waarin het ongebreidelde marktdenken van het neoliberalisme herkend zou kunnen worden.

In hoofdstuk 3 wordt nader ingegaan op het neoliberalisme en de vraag wat daaronder wordt verstaan. Hoewel het neoliberalisme geen eenduidige politieke stroming of ideologie is, is door de loop der jaren wel een algemeen verbreid, populair narratief over het neoliberalisme ontstaan. In dit narratief wordt het neoliberalisme bij voorkeur neergezet als een omvattende beleidsagenda van *meer markt, minder overheid*. Deze beleidsagenda zou haar intellectuele oorsprong hebben in het werk van Hayek en Friedman. In het populaire narratief wordt verder een belangrijke rol toegedicht aan de eerdergenoemde denktanks en andere non-gouvernementele politieke organisaties voor de wereldwijde verspreiding van de neoliberale agenda. Het voornaamste probleem van veel bestaande uiteenzettingen is dat het neoliberalisme daarin ongrijpbaar blijft. In hoofdstuk 3 worden vier

redenen naar voren gebracht waarom het neoliberalisme zo ongrijpbaar is gebleken. Ten eerste is er niemand die het neoliberalisme opeist. Daarmee lijkt het een politieke doctrine te zijn die geen aanhangers kent, maar alleen critici. Het neoliberalisme fungeert dus vooral als een contra-hegemonische term. Ten tweede is de intellectuele geschiedenis die aan het neoliberalisme wordt toegeschreven op zijn minst simplistisch. Zoals gezegd wordt het neoliberalisme standaard toegeschreven aan Hayek en Friedman, onder andere vanwege hun betrokkenheid bij de Mont Pèlerin Society. Hun werk is echter niet *per se* als liberaal te kenschetsen en er zijn aanwijzingen dat de ontwikkeling van het neoliberalisme een meer complexe intellectuele geschiedenis kent. Een derde reden waarom het neoliberalisme ongrijpbaar is gebleven, is de onnavolgbare wijze waarop het zich lijkt te verspreiden. Het neoliberalisme is nooit gevat in politieke programma's of het werk van reguliere politieke actoren, maar lijkt juist verspreid te worden door tussenkomst van een bonte mengeling van non-gouvernementele actoren. Waarom voltrekt de politieke verbreiding van het neoliberalisme zich zo schimmig? Ten vierde, tenslotte, blijft het in het populaire narratief vaak onduidelijk hoe het neoliberalisme zich zou onderscheiden van het klassieke liberalisme. Waarin zijn de neoliberale beleidsvoorstellen ten aanzien van de markt nu precies anders dan de klassieke liberale opvatting van vrije markten? Willen we het neoliberalisme als betekenisvolle term handhaven, dan is er behoefte aan een duidelijkere definitie van wat het precies inhoudt.

In het tweede deel van hoofdstuk 3 wordt hieraan gehoor gegeven. Aan de hand van Foucault wordt betoogd dat het neoliberalisme een specifieke bestuursrationaliteit behelst, een nieuwe vorm van bestuur. Wat de neoliberale rationaliteit van bestuur onderscheidt, is dat er een andere opvatting van de markt aan ten grondslag dan bij het moderne, liberale model. In tegenstelling tot de naturalistische markt van het liberalisme, werkt het neoliberalisme met een constructivistische opvatting van de markt. In Foucault's analyse ontleent men in het neoliberalisme de legitimiteit van het bestuur niet langer aan de wijze waarop men de markt bestuurt, maar aan het construeren van markten als onderdeel van het bestuur. Ik betoog dat deze constructivistische opvatting van de markt altijd bemiddeld wordt door metaforische beelden van de markt en dat het neoliberalisme daarmee een discursieve politiek is. Het neoliberalisme onderscheidt zich door de wijze waarop het, om Austin te parafraseren, dingen doet met de markt. Het neoliberalisme bestuurt door markten te construeren. Het niet onderkennen van het discursieve karakter van het neoliberalisme is volgens mij de reden dat het neoliberalisme lange tijd zo ongrijpbaar is gebleken.

Om deze these over het discursieve karakter van het neoliberalisme en haar constructivistische idee van de markt nader te onderbouwen wordt in respectievelijk hoofdstuk 4 en 5 onderzocht op welke wijze Amerikaanse denktanks en Nederlandse adviesraden zagezegd dingen “doen” met de markt. In mijn analyse van de werkwijze van Amerikaanse denktanks valt onmiddellijk op dat zij de markt zonder enig gerucht in de beleidsdiscussie inbrengen. In plaats van een beargumenteerde lofzang op de markt, voegen zij de markt geruisloos in als kader voor hun beleidsanalyse. Ik noem dit de discursieve strategie van het normaliseren door *framing*. Dat *framen* is een belangrijke neoliberale strategie aangezien de denktanks ermee indirect een beroep doen op het metaforische karakter van de markt. Hoewel de verschillende denktanks ogenschijnlijk gebruik maken van een vergelijkbare strategie, valt op dat ze daarmee geheel verschillende politieke boodschappen over weten te brengen. De marktmetafoor blijkt dusdanig veelzijdig dat ze in heel uiteenlopende politieke agenda’s past. Voor AEI vormt de markt de opstap naar een sterk op concurrentie gericht politiek betoog. Terwijl voor Cato de markt vooral dient om individuele keuzevrijheid te versterken. Voor Heritage daarentegen fungeert de markt eerder als de verpersoonlijking van een specifieke, conservatieve morele orde. Hoewel de denktanks allemaal het beeld van de markt op neoliberale wijze inzetten om de wereld vormgegeven naar het evenbeeld van de markt, vertellen ze daarmee echter volstrekt verschillende politieke verhalen. Op deze neoliberale constructies vormt het marktdiscours van Brookings enigszins een uitzondering, omdat de markt daar vooral in dienst staat van een liberaal betoog. Ondanks de verschillen werkt het marktconstructivisme van de denktanks duidelijk politiserend en dient het uiteenlopende politieke doelen. Er is echter een andere belangrijke overeenkomst. Het Amerikaanse neoliberalisme wordt gekenmerkt door een sterk anti-etatisme. Wat de verschillende denktanks namelijk gemeen hebben is dat ze uiteindelijk de markt vooral mobiliseren om de overheid op afstand te houden.

Na het bespreken van de Amerikaanse verschijningsvormen van het neoliberalisme, kan het contrast met de Nederlandse adviesraden zoals besproken in hoofdstuk 5, eigenlijk niet groter zijn. Een eerste contrast is dat de Nederlandse adviesraden in tegenstelling tot hun Amerikaanse collega’s zoveel mogelijk proberen de discussie over de markt te depolitiseren. Vervolgens verlaten zij zich weliswaar ook niet op algemene politieke beschouwingen over de markt, maar in plaats van de Amerikaanse strategie van normalisatie, pogen zij het idee van de markt juist weer te naturaliseren en tot voorwerp te maken van bestuur. Een tweede verschil is dat het Nederlandse marktdiscours in plaats van anti-etatistisch, juist

uitgesproken etatistisch of statelijk is. De centrale vraag die terugkomt in alle Nederlandse rapporten is hoe de markt ingezet kan worden voor het bereiken van statelijke doelen. De rapporten bedienen zich weliswaar van de liberale taal van de beheersbare markt, maar deze wordt onderdeel gemaakt van een neoliberale bestuursrationaliteit. De Nederlandse rapporten zoeken vooral een antwoord op de vraag hoe om te gaan met het neoliberalisme. Hoewel ze zich niet actief bedienen van de marktmetafoor om het te verbreiden, zijn er duidelijke aanwijzingen dat ook zij een spel spelen met de marktmetafoor. Dit komt onder andere naar voren rondom de typisch Nederlandse troep van marktwerking, een beeld dat in de rapporten stevast als alternatief gebruikt wordt voor dat van 'de markt.' Dit wordt gebruikt om te benadrukken dat de vraagstukken niet draaien om de invoering van echte en volledige markten, maar juist spelen met de marktmetafoor om aspecten van de markt in te voeren. Marktwerking is als eufemistische metafoor dus bijzonder geschikt om uit te drukken dat het in het neoliberalisme gaat om incomplete, quasi-markten die worden ingezet als middel van bestuur. Marktwerking is daarmee de Nederlandse neoliberale troep bij uitstek. Vervolgens wordt aangetoond dat vanwege verschillende metonymische verschuivingen vanuit de marktmetafoor deze, deels in parallel met de Amerikaanse situatie, ook aanleiding geeft tot heel uiteenlopende markt-achtige constructies. Dus marktwerking wordt afwisselend vereenzelvigd met keuze en keuzevrijheid, concurrentie, innovatie, efficiëntie, vrijheid, de rol van prijzen en betaling, of sturing door de onzichtbare hand. Daarmee wordt duidelijk dat het neoliberalisme verre van een eenduidig politiek project is.

Hoewel het Nederlandse marktdiscours onmiskenbaar neoliberale trekken vertoont, worden alle rapporten gekenmerkt door een terughoudende ondertoon. Deze kwam duidelijk naar voren in een andere typische Nederlandse troep die in dit hoofdstuk wordt geïdentificeerd, namelijk die van het borgen van publieke belang. Vooral sinds een publicatie van de Wetenschappelijke Raad voor het Regeringsbeleid uit 2000, wordt er consequent in de rapporten gesproken over het borgen van publiek belang. Bij neoliberale marktwerkingsoperaties wordt sindsdien steeds de vraag opgeworpen hoe het publieke belang veiliggesteld kan worden. Hieruit spreekt een duidelijke aarzeling over het neoliberale project. Men zoekt actief naar manieren om de neoliberale markt weer te domesticeren en onder overheidscontrole te brengen. Ik betoog dat het Nederlandse neoliberalisme zich hiermee duidelijk onderscheidt. Deze Nederlandse vorm van het neoliberalisme laat zich daarmee ook moeilijk vangen in de twee vormen die door Foucault waren onderscheiden. Aan de ene kant vertoont het Nederlandse neoliberalisme

duidelijke Amerikaanse trekken, bijvoorbeeld waar het gaat om het imperialistisch inzetten van de markt voor bestuursvraagstukken. Haar statelijke oriëntatie en de nadruk op de troep van het borgen, verhouden zich daarentegen slecht tot het Amerikaanse neoliberalisme. Het Nederlandse neoliberalisme lijkt meer overeenkomsten te vertonen met wat Foucault het Duitse neoliberalisme noemde, waar de nadruk lag op het ordenen van markten. Tegelijk vertoont het Nederlandse discours ook weer sterk liberale elementen, zoals haar drang om de markt te naturaliseren en haar focus op publieke belangen. De conclusie is dat het Nederlandse discours een goed voorbeeld is van het gevarieerde en ondergedetermineerde karakter van het neoliberalisme. Waar het neoliberalisme vaak wordt afgeschilderd als een globaal en hegemonisch project, wijst de praktijk uit dat het zich mede vanwege de veelzijdigheid van de marktmetafoor zeer goed weet te voegen naar de verschillende lokale contexten. Er bestaat daarom niet één eenduidig neoliberalisme.

De inzet van dit proefschrift is om in detail na te gaan hoe de discursieve politiek van het neoliberalisme de gangbare, klassiek liberale opvatting over de verhouding tussen de markt en staat heeft veranderd. De centrale bevinding van dit onderzoek is dat het neoliberalisme zich onderscheidt van eerdere, liberale benaderingen door haar constructivistische visie op de markt. In tegenstelling tot het marktnaturalisme van de liberale bestuursrationaliteit rust het neoliberalisme op een discursieve politiek van ingebeelde markten. Waar het liberalisme gekenmerkt wordt door een terughoudend bestuur van de economie, is de politieke rationaliteit van het neoliberalisme radicaal anders. Binnen het neoliberalisme wordt de markt niet langer voorgesteld als uitsluitend het object van bestuur, maar wordt het verheven tot een middel van bestuur. In het neoliberalisme met haar constructivistische opvatting over de markt wordt er bestuurd door middel van ingebeelde markten. Haar onderscheidende werkwijze is het voorstellen van een sociaal beleidsprobleem als markt, om het vervolgens als zodanig te besturen.

De voornaamste conclusie die aan deze vaststelling kan worden verbonden is dat het neoliberalisme niet moet worden beschouwd als een voortzetting of radicale versie van het liberalisme. Waar het liberalisme kan worden vereenzelvigd met een politiek van *laissez faire*, is het een misvatting om het neoliberalisme louter te associëren met een politiek van meer markt en minder overheid. In dit proefschrift wordt betoogd dat het neoliberalisme en haar politiek van ingebeelde markten iets wezenlijks anders behelst. Het is accurater om te stellen dat het neoliberalisme bestaat uit de deconstructie van de liberale rationaliteit van besturen. Het

neoliberale spel met de marktmetafoor doet namelijk meer dan alleen het verschuiven van de grens tussen de markt en de overheid. Het deconstrueert deze begrippen en hun onderlinge verhouding. Het neoliberalisme destabiliseert en ondermijnt soms de manier waarop we denken en spreken over de overheid, de markt en hun onderlinge samenhang. Onder invloed van het neoliberalisme verhouden markt en overheid zich niet langer op een liberale manier tot elkaar, maar is de overheid in sommige gevallen markt geworden en fungeert de markt soms als overheid. Daarmee wordt het uiteindelijk in toenemende mate onduidelijk wat die termen nog betekenen.

De conclusie dat de discursieve politiek van het neoliberalisme leidt tot een deconstructie van de moderne liberale rationaliteit van besturen heeft, zo betoog ik, een aantal belangrijke politieke consequenties. De eerste belangrijke consequentie is dat het neoliberalisme leidt tot een uitholling van de liberale staat. De eerste inzet van het neoliberalisme is niet noodzakelijk het terugdringen van de staat zoals vaak beweerd wordt. Mijn these over het neoliberalisme als deconstructie stelt dat de staat uitgehold wordt en zegt in eerste instantie niets over de omvang van de staat. De neoliberale deconstructie van de staat kan betekenen dat deze wordt teruggedrongen, maar het kan ook gepaard gaan met 'meer' staat. Wat het vooral inhoudt is dat de staat een geheel andere betekenis en rationaliteit wordt toegekend. In algemene termen houdt het in dat de neoliberale staat verandert in een markt-staat. Daarmee dreigt de staat een aantal van haar traditionele, liberale functies te verliezen. De filosofe Wendy Brown heeft er bijvoorbeeld op gewezen dat het neoliberalisme voornamelijk de liberale, democratische functies van de staat uitholt. Zij en anderen wijzen er bovendien op dat deze uitholling van de staat niet betekent dat daarmee de staat verdwijnt of zelfs aan kracht inboet. De ironie is dat het neoliberalisme – wat normaal gesproken wordt vereenzelvigd met een anti-etatisme – zou kunnen leiden tot een sterkere of zelfs autoritaire staat. Dergelijke consequenties voor de staat, zou ik willen betogen, zijn alleen goed te analyseren als men onderkent dat het neoliberalisme niet een intensivering, maar juist een deconstructie van de liberale bestuursrationaliteit behelst.

De consequenties van de neoliberale deconstructie reiken echter verder dan de staat alleen. Hoewel het natuurlijk de meest centrale plek inneemt in het neoliberalisme, blijft ook de markt niet onaangeraakt door de neoliberale deconstructie. Ook de betekenis en plaats van de markt in het liberale denken wordt langzaam gedecentreerd en zou onbedoeld op termijn aan betekenis kunnen verliezen. Dit komt in de eerste plaats naar voren in het gegeven dat binnen het neoliberalisme de markt in toenemende mate een metafoor wordt van de

naturalistische liberale markt. Zoals we zagen, resulteert dit onder andere in heel uiteenlopende politieke betekenissen waarvoor de markt wordt ingezet, die niet allemaal volledig te herleiden zijn op het idee van de naturalistische markt. Hoewel vooralsnog de kracht van het idee van de markt verre van volledig is uitgewerkt, valt niet uit te sluiten dat het onder invloed van de recente reeks crises steeds meer aan glans zal verliezen. De overdadige toepassing van de marktmetafoor zou er op termijn in kunnen resulteren dat dit begrip haar aantrekkingskracht verliest.

In het licht van de recente reeks economische crises, doet zich tenslotte de dringende vraag voor welke toekomst het neoliberalisme is voorbehouden. Er wordt wel gezegd dat de crisis het einde van het neoliberalisme heeft ingeluid. En het is ontegenzeggelijk waar dat de markt als politiek idee aan kracht heeft ingeboet. De centrale boodschap van dit proefschrift is echter dat het neoliberalisme moet worden opgevat als een ongrijpbaar en onvoorspelbaar deconstructief politiek project. Dat was de reden waarom het neoliberalisme zich slechts heel langzaam en omzichtig genesteld heeft in ons politieke bewustzijn en om dezelfde reden is het nu ook zeer onwaarschijnlijk dat het plotsklaps ten onder zal gaan. Het is daarom aannemelijker dat we langzaam zullen bewegen in de richting van een vorm van post-neoliberalisme, een situatie waarin we opnieuw tot een vergelijk zullen moeten komen met het neoliberalisme. Hoe een dergelijk post-neoliberalisme er uit zal zien is uiteraard moeilijk te voorspellen, maar de contouren ervan tekenen zich wel langzaam af. Aan de ene kant lijkt er een neiging te bestaan om met een zekere melancholie terug te verlangen naar de oude liberale orde van weleer met haar duidelijk omschreven plaats voor de markt en de staat. Het neoliberalisme heeft deze orde echter dusdanig gedeconstrueerd dat een terugkeer niet alleen onwenselijk maar ook onmogelijk zal blijken. Een ander scenario dat zich aftekent is dat het neoliberalisme nog geruime tijd zal voortleven als een zogenaamd zombie-neoliberalisme. Bij gebrek aan een beter perspectief zal deze politieke rationaliteit nog enige tijd blijven rondwaren. Ergens tussen deze twee uitersten van liberale melancholie en zombie-neoliberalisme zal uiteindelijk een nieuw post-neoliberalisme zich moeten gaan aftekenen. Hoe die toekomst er uit zal zien, zal voor een belangrijk deel bepaald worden door de creativiteit van de verschillende politieke en intellectuele bewegingen die zich nu overal ter wereld lijken aan te dienen. Daarbij is er in mijn optiek vooral behoefte aan een nieuw, aansprekend beeld waarmee weer nieuwe visies op bestuur kunnen worden vormgegeven. Als we geen beroep meer kunnen doen op de staat, en ook niet langer op de markt, welk beeld zal ons dan opnieuw richting geven?

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Curriculum Vitae

P.W. (Peter-Wim) Zuidhof

P.W. (Peter-Wim) Zuidhof teaches European economics and politics in the European Studies Department of the University of Amsterdam and at Amsterdam University College. He is coordinator of the bachelor program in European Studies and member of the Board of Examiners. Before coming to the University of Amsterdam in 2007, he taught at the Department of Philosophy at the Vrije Universiteit, Amsterdam, the Leiden University School of Management, and in the Art and Culture Studies Program at the Erasmus University Rotterdam. From 2001 to 2003, Zuidhof was a Fulbright Student. He earned an MA. degree in Philosophy from the New School for Social Research in New York, where he was the recipient of the Vera List Scholarship. Before going to New York, Zuidhof was a research associate in the Department of History, Arts and Culture at Erasmus University Rotterdam and working on commissioned research. Zuidhof studied economics and philosophy at the Erasmus University Rotterdam and graduated in 1997 with an MSc. in Economics. In 1995, Zuidhof was an exchange student in the Graduate Program of Economics at the University of Notre Dame, IN. From 2002 to 2006, Zuidhof was a PhD. candidate at the Erasmus School of History, Culture and Communication at the Erasmus University Rotterdam, where he conducted the research for this thesis. The research was funded through an NWO-project grant titled "Images of Markets" under the supervision of Arjo Klammer.

P.W. Zuidhof was born in 1972 in Pijnacker, the Netherlands. He is married to Hilla Dayan and together with the twins Shira and Misha, and son Ilay they live in Amsterdam, the Netherlands (and spend their holidays in Tel-Aviv, Israel).

