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The Limits of Neoliberalism

Authority, Sovereignty and the Logic of Competition

REVISED EDITION

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SAGE Publications Ltd
1 Oliver's Yard
55 City Road
London EC1Y 1SP

SAGE Publications Inc.
2455 Teller Road
Thousand Oaks, California 91320

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B 1/I 1 Mohan Cooperative Industrial Area
Mathura Road
New Delhi 110 044

SAGE Publications Asia-Pacific Pte Ltd
3 Church Street
#10-04 Samsung Hub
Singapore 049483

First edition published 2015. Reprinted 2016.

Published in association with *Theory, Culture & Society,* Goldsmiths, University of London

Library of Congress Control Number: 2016953513

British Library Cataloguing in Publication data

A catalogue record for this book is available from the British Library

Editor: Natalie Aguilera
Editorial assistant: Delayna Spencer
Production editor: Victoria Nicholas
Marketing manager: Sally Ransom
Cover design: Tristan Tutak
Typeset by: C&M Digitals (P) Ltd, Chennai, India
Printed in the UK

ISBN 978-1-5264-0352-0 (pbk)

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THE DISENCHANTMENT OF POLITICS

Neoliberalism, sovereignty and economics

Friedrich Von Hayek believed that the intellectual, political and organizational forces of liberalism began a downward trajectory around 1870 (Hayek, 1944: 21). In place of the decentralized structure of the Victorian marketplace and British classical economics, came trends towards bureaucratization, management and the protection of the 'social' realm, all accompanied by a growing authority for German institutionalist and historicist ideas. By the 1940s this had reached the point of emergency. Having witnessed a financial crisis usher in Fascism, Keynesianism and then a world war, Hayek viewed the choices of political modernity in starkly binary terms:

> We have in effect undertaken to dispense with the forces which produced unforeseen results and to replace the impersonal and anonymous mechanism of the market by collective and "conscious" direction of all social forces to deliberately chosen goals. (1944: 21)

Reversing this trend would mean restoring the political authority of 'impersonal' and 'anonymous' mechanisms, and of 'individual' and 'unconscious' forces in public life, which lack any 'deliberately chosen goals'. When Hayek looked back to the high period of British liberalism, what he mourned was a society that had no explicitly collective or public purpose, and whose direction could not be predicted or determined. The central function of markets in this nostalgic vision was to coordinate social activity without intervention by political authorities or 'conscious' cooperation by actors themselves. And if there were other ways of

coordinating individuals' unconscious goals, impersonally and anonymously, these might be equally welcome as markets. The virtue of markets, for Hayek, was their capacity to replace egalitarian and idealist concepts of the common good that he believed could lead to tyranny.

Hayek's thought is widely recognized to have played a key role in inspiring and co-ordinating the intellectual and political movement which came to be known as 'neoliberalism' (Mirowski & Plehwe, 2009; Stedman-Jones, 2012; Bergin, 2013). This movement achieved a number of significant political and policy victories from the late 1970s onwards, resulting in a roughly coherent paradigm that spread around the world over the subsequent thirty years. Its major crisis, if that is what it actually was, began in 2007, when it emerged that Western investment banks had drastically under-calculated the risks attached to the US housing market, the fall-out from which was a macro-economic stagnation more enduring than any since the 1880s. While the neoliberal policy era was punctuated by unusually frequent financial crises (Harvey, 2005), what was most significant about the 2007–09 banking crisis – in addition to its scale – was the fact that it originated in Wall Street, bringing vast fiscal and social costs to a nation that had played a key role in propagating neoliberal policies. But the fact that this policy paradigm appears largely intact, several years after the dawning of the financial crisis, is now an object of scholarly interest in its own right (Crouch, 2011; Engelen et al., 2011; Mirowski, 2013).

Running in parallel to this economic breakdown was a series of events that raised widespread moral concerns about the coherence of key public institutions and society more generally. Britain, for example, saw a succession of disturbances, apparently affected by forms of hedonistic self-interest: in 2009 Members of Parliament were discovered to be routinely lying about their expenses in order to inflate their pay; in 2011 journalists were discovered to be engaged in the criminal hacking of phones, possibly beknown to the police; in August 2011 disparate riots erupted across English cities, featuring seemingly hedonistic acts of destruction and the widespread looting of branded goods, with scarce collective or political grievance; and in 2012 it emerged that individuals working in major high street banks had conspired to alter the 'LIBOR' rate, which dictates the price at which banks lend to each other, and influences the rate at which banks will lend to customers, and questions were raised as to whether government officials had actively encouraged this. These unconnected events seem to suggest a normative and political crisis, whereby the very possibility of deliberate collective action is thrown into question. A form of *institutionalized anti-institutionalism* seemed to have become established. The

routine nature of so much of this activity made it impossible to dismiss as mere 'corruption' or 'criminality'. Meanwhile, concerns about the effects of 'consumerism', inequality and loneliness upon health and mental health (which in turn bring major economic costs) have begun to raise elite concerns about the sustainability of the contemporary political-economic model (Davies, 2011a). 'Epidemics' of depression, anxiety, obesity and addictive behaviour register as an indictment on societies that have made calculated self-interest and competitiveness tacitly constitutional principles (Davies, 2012).

The inability to achieve a new political settlement or new economic paradigm is by some measures a testimony to the success of the neoliberal project. Hayek's complaint could now even be reversed: we have in effect undertaken to dispense with the forces which produced foreseen results and to replace the collective and 'conscious' direction of all social forces towards deliberately chosen goals by the impersonal and anonymous mechanism of the market (or market-like behaviour). Having consciously opened ourselves up to spontaneous and uncertain processes, we are now unable to escape from them again. The powerlessness of political or moral authorities to shape or direct society differently demonstrates how far the neoliberal critique of economic planning has permeated. Whether Hayek would have still trusted 'unconscious' social forces, when confronted with the libidinous, destructive rush of contemporary consumerism and financialization, is another question. The framing of neoliberal crises – including financial crises – in psychological and neurological terms (discussed in Chapter 5) can be seen partly as a last ditch effort to distinguish *which* 'unconscious' forces are to be trusted and which ones are not.

Defining neoliberalism

Neoliberalism is clearly not a unified doctrine to the extent that Keynesianism is. While Hayek is one of the obvious figureheads of the neoliberal 'thought collective' (Mirowski & Plehwe, 2009) his work is at odds with many other neoliberal forms of policy and governance. The origins of the neoliberal movement can be traced to the contributions of Hayek and Ludwig Von Mises to the 'socialist calculation debate' of the 1920s and 1930s (Mises, 1990; Hayek, 2009). The intellectual project of reinventing liberalism was scattered between London, New York, Chicago, Freiburg and Vienna, up until the 1970s (Peck, 2010). The application and adaptation of these ideas spread no less haphazardly, serving various masters as they went. But what, I suggest, is the common thread in all of this – and what makes the term 'neoliberalism' a necessary one – is an attempt to replace political judgement with economic evaluation, including, but

not exclusively, the evaluations offered by markets. Of course, both political and economic logics are plural and heterogeneous. But the central defining characteristic of all neoliberal critique is its hostility to the ambiguity of political discourse, and a commitment to the explicitness and transparency of quantitative, economic indicators, of which the market price system is the model. Neoliberalism is the *pursuit of the disenchantment of politics by economics*.

The language of politics, unlike the language of economics, has a self-consciously performative dimension. It is used with a public in mind, and an awareness that the members and perspectives contained in that public are plural and uncertain. The praxis and aesthetics of discourse are acknowledged in what we consider to be 'political' situations. These include legal process, in which text and speech resonate in public settings, and seek to *do* something as much as represent something. This doesn't mean that economics as a discipline is not performative, requires no public or has no praxis. On the contrary, a great deal of recent scholarship has demonstrated that economics is often powerfully performative (Callon, 1998; Mitchell, 2002; MacKenzie, 2006; MacKenzie et al., 2007) and employs political rhetorics (McCloskey, 1985). Quantification and measurement have their own affective and aesthetic qualities (Porter, 1995), but the example of market price indicates to an economic sensibility that ambiguity and performativity can be beneficially minimized or constrained. From a neoliberal perspective, price provides a logical and phenomenological ideal of how human relations can be mediated without the need for rhetorical, ritualized or deliberately performative modes of communication. Indeed, price *may* even suggest that peaceful human interaction is feasible without speech at all. The reduction of complex and uncertain situations to a single number, as achieved by a market, appears as a route out of the hermeneutic pluralism and associated dangers of politics. Whether generated by markets or by economics, a price is an example of what Poovey terms the 'modern fact', a simple 'preinterpretive' or 'noninterpretive' representation of a state of affairs (Poovey, 1998).

If today politics and public institutions appear to have disintegrated into merely calculated and strategic behaviour, one response would be to view this as a side-effect of 'modernity' or 'advanced capitalism' or plain 'greed'. But perhaps a more fruitful one would be to examine this as a self-conscious project of rationalization on the part of intellectuals and policy elites. The disenchantment of politics by economics involves a deconstruction of the language of the 'common good' or the 'public', which is accused of a potentially dangerous mysticism. In the first instance, as manifest in the work of Mises and Hayek, this is an attack on socialism and the types of state expertise that enact it, but it is equally apparent

in a critique of the liberal idea of justice, as in the work of Richard Posner and others. With some reservations, it is also manifest as a critique of executive political authority which is contrasted unfavourably with the economically rational authority of the manager. The targets of neoliberal critique are institutionally and ontologically various, which elicits different styles of critique. In each case, substantive claims about political authority and the public are critically dismantled and replaced with technical economic substitutes. These substitutes may need to be invented from scratch, hence the constructivist and often experimental dimensions of neoliberalism, a selection of which will be explored in detail in subsequent chapters.

As the more observant critics of neoliberalism have noted, it did not, therefore, seek or achieve a shrinking of the state, but a re-imagining and transformation of it (Peck, 2010; Mirowski, 2013). In the seventy years separating the golden age of Victorian liberalism and the intellectual birth of neoliberalism, the character of the state and of capitalism had changed markedly. The rise of American and German industrial capitalism had been achieved thanks to new economies of scale and organizational efficiencies associated with large corporations and hierarchical structures, including the birth of management (Chandler, 1977; Arrighi, 2009). Science and expertise were now formally channelled into business. Technical advancements in the fields of statistics and national accounts, followed by the birth of macroeconomics in the 1930s, meant that 'the economy' had appeared as a complex object of political management (Mitchell, 1998; Suzuki, 2003). And the on-going growth of a 'social' realm, measured and governed by sociology, social statistics, social policy and professions, meant that the American and European states of the 1930s had far more extensive capacities and responsibilities for audit and intervention than the British liberal state of the 1860s (Donzelot, 1991; Desrosieres, 1998).

The pragmatism of the neoliberal pioneers prevented them from proposing a romantic return to a halcyon age of classical liberalism, instead committing them to a reinvention of liberalism suitable for a more complex, regulated, Fordist capitalism. Hayek believed that 'the fundamental principle that in the ordering of our affairs we should make as much use as possible of the spontaneous forces of society, and resort as little as possible to coercion, is capable of an infinite variety of applications' (1944: 17). Victorian laissez-faire was only one empirical manifestation of the liberal *idea*. Restoring economic freedom would not be achieved simply through withdrawing the state from 'the market', but through active policy interventions, to remould institutions, state agencies and individuals, in ways that were compatible with a market ethos (however

defined) and were amenable to economic measurement. The state is therefore a powerful instrument of neoliberalism, though also an object of its constant critique; this is one of many contradictions of neoliberalism, and one which has been raised to new heights since the banking crises of 2007–09.

Hayek's own interpretations of both liberalism and the political public sphere were highly idiosyncratic. Liberalism is associated primarily with the uncertainty of outcomes. Freedom, by this account, requires ignorance of the future, and the preservation of freedom requires a dogmatic agnosticism on the part of public institutions.[1] By contrast, political activity is interpreted as a project of determining outcomes and reducing uncertainty. At least in the modern era, politics is viewed as an instrument of planning and the pursuit of certainty, though this is concealed by the deceptive nature of political language. This pessimistic view directly inverts the (equally pessimistic) perspective of Hannah Arendt, for example, who saw liberal governance of the economic and 'social' realm as a poor, expertly managed substitute for the inherent uncertainty and vitality of political action (Arendt, 1958). Both positions celebrate, and arguably romanticize, uncertainty, but see its rationalist enemies in different places – the Hayekian neoliberal fears the politician, while the Arendtian political actor fears the economist.

Most analyses of neoliberalism have focused on its commitment to 'free' markets, deregulation and trade. I shan't discuss the validity of these portrayals here, although some have undoubtedly exaggerated the similarities between 'classical' nineteenth-century liberalism and twentieth-century neoliberalism. The topic addressed here is a different one – the character of neoliberal *authority*: on what basis does the neoliberal state demand the right to be obeyed, if not on substantive political grounds? To a large extent, it is on the basis of particular economic claims and rationalities, constructed and propagated by economic experts. The state does not necessarily (or at least, not always) cede power to markets, but comes to justify its decisions, policies and rules in terms that are commensurable with the logic of markets. Neoliberalism might therefore be defined as *the elevation of market-based principles and techniques of evaluation to the level of state-endorsed norms* (Davies, 2013: 37). The authority of the neoliberal state is heavily dependent on the authority of economics (and economists) to dictate legitimate courses of action. Understanding that authority – and its present crisis – requires us to look at economics, economic policy experts and advisors as critical components of state institutions.

Max Weber argued that modernity disenchants the world through positivist science and bureaucratization, subsuming the particular within the universal, reducing

qualities to quantities. In Weber's analysis, modern science and bureaucracy lack any 'outward' or public sense of their own intrinsic value to humanity, making them cold, impersonal and anonymous forces – those same characteristics of markets that Hayek deemed valuable (Weber, 1991a, 1991b). Both the scientist and the bureaucrat run the risk of nihilism, but counter this through holding on to private, 'inward' vocations which condition and sustain their practices of empty rationalization. In this respect, 'disenchantment' can never be complete, as it depends for its progress on unspoken ethical commitments on the parts of those who propagate it. To some extent these ethical commitments must be shared, if rationalist depictions of the world are to hold together as a consensually shared reality. This becomes self-evident where the question of scientific and social scientific 'methodology' arises. In order for objective representations to be generated, certain presuppositions and practical procedures must be adhered to that have a normatively binding force. The stronger the claim to value neutrality, the more rigidly these presuppositions and procedures must bind, so, for example, neo-classical economists are bound by far tighter rules of conduct than social anthropologists. Paradoxically, therefore, value neutrality is an ethos in its own right (Du Gay, 2000), and efforts to eradicate *all* values are ultimately as dangerous to rationalization as they are to ethics, as Nietzsche recognized.

What is distinctive about neoliberalism as a mode of thought and government, however, is its acute desire to invert the relationship between technical rationality and substantive ethos. Where Weber saw modern rationalization and capitalism as dependent on certain ethical precepts, Hayek and his followers believed that various technical forms of quantitative evaluation could provide the conditions and guarantee of liberal values. This technocratic turn diverts the attention of the liberal away from moral or political philosophy and towards more mundane technical and pragmatic concerns. Prosaic market institutions and calculative devices become the harbinger of unspoken liberal commitments. This style of political reasoning survives, for example, in Thomas Friedman's 'golden arches theory of conflict prevention', which observes that no two nations possessing a McDonalds' outlet within their borders have ever gone to war with each other: the Kantian liberal ideal of 'perpetual peace' comes to be pursued via the mundane technologies of hamburger production (Friedman, 2000).

This offers one route to understanding the contradictory nature of neoliberal authority. Whether in the work of the Chicago School of economics, the 'New Public Management' and 'shareholder value' movements of the 1980s or the 'national competitiveness' evaluations that framed policy debates in the 1990s, neoliberalism has sought to eliminate normative judgement from public life to

the greatest possible extent. In the tradition of Jeremy Bentham, intrinsic values are to be replaced by extrinsic valuation (i.e. measurement). Converting qualities into quantities removes ambiguity, emptying politics of its misunderstandings and ethical controversies, over which, Milton Friedman believed, 'men can ultimately only fight' (Friedman, 1953). Just as Bentham reduced all forms of experience to different quantities of utility, Friedman and his colleagues reduced all values, tastes, beliefs and political ideals to the status of 'preferences', eliminating the distinction between a moral stance and a desire. In this respect, they shared the anti-metaphysical ethos of behaviourism which permeated much of American social science over the first half of the twentieth century (Mills, 1998). Neoliberalism has been an acutely modernizing force, in the Weberian sense of rationalization.

But this form of rationalization, this disenchantment of politics by economics still rests on certain vocational commitments and intrinsic notions of the common good, albeit unarticulated ones. The rendering of economy, state and society as explicit and as quantified as possible is an implicitly moral agenda, which makes certain presuppositions about *how and what to value*. These presuppositions are, by their very nature, ambiguous and tacit – but without them, any technical evaluation or measurement becomes arbitrary and nihilistic. No methodology or measurement device can provide empirical evidence for its own validity. Neoliberalism is not only conflicted in its relationship to the state, but also in its relationship to its own prerequisite ethos: a wholly calculable, measurable world is only possible on the basis of particular non-calculable, immeasurable values or vocations. Hence, efforts to replace politics with economics, judgement with measurement, confront a limit beyond which they themselves collapse. One of the critical questions, on which neoliberalism stands or falls, is why *economics* should be a better analytical basis for government than other political or scientific forms of authority. Further questions follow, including *which tradition* of economics, and *which conventions* of calculation, are to be applied in different spheres of government. At a certain point, neoliberal discourse encounters moral questions which, at least in its more positivist manifestations, it is unable to understand or answer.

THE CRISIS AND CRITIQUE OF ECONOMIC REASON

Where should one stand when confronted by contemporary pathologies of capitalism or individualism? This is not only a political and ethical question,

but also a methodological one. To adopt a sociological perspective on the crises of neoliberalism is to assume that the causes and meanings of these events are to be found in socio-economic structures, institutions, inequalities and power dynamics. To a greater or lesser extent, it involves looking *behind* economic and psychological explanations, in search of a deeper reality. It is this which grants sociology its critical thrust: the narratives that liberalism provides about itself, focused upon individual reason, are found to be deficient at best or deluded at worst. Similarly, to adopt the stance of critical theory involves challenging the separation of ethics from instrumental reason, by re-describing technical rationality in the language of exploitation, domination and unhappiness. This is a more explicitly political stance, which seeks to use critique to catalyse crisis, to render the sustained no longer sustainable. The normative dimension of empirical judgement is brought to the fore, which assumes a certain normative authority on the part of the theorist.

These theoretical perspectives necessarily rest on certain presuppositions that vary between the technical (e.g. how to measure inequality) and the philosophical (e.g. an ideal of egalitarian community). One might go further and say that they also rest on certain epistemological and political assumptions about the role and responsibility of theory in public life. As admirable as these might be, they have the effect (often intentionally) of obscuring the alternative presuppositions and assumptions that are taken by *other* actors, experts, theorists and critics. In a rush to explain or to criticize, there is a risk that interpretation gets lost. Along the way, forces of rationalization, economization and individualism come to appear systemic or determined, rather than politically and rhetorically performed. With respect to our present predicament, the continued survival of certain neoliberal doctrines and presuppositions suggests that these may not simply be 'false' or 'exploitative' depictions of reality, but have become normative rituals in their own right, through which actors make sense of and criticize the world around them. This is what Philip Mirowski has termed 'everyday neoliberalism' (Mirowski, 2013).

A world in which politics has been heavily disenchanted by economics (of various styles and traditions, as we shall see) requires its own mode of enquiry, which is alert to the fact that political logic no longer provides the structures of collective experience and action for many people. Sociologists should recognize that the decline of socialism robbed modernity of one of its major sources of large-scale organization (Eyal et al., 2003). As Slavoj Zizek argued in response to the English riots of 2011:

> The fact that the rioters have no programme is therefore itself a fact to be interpreted: it tells us a great deal about our ideological-political predicament and about the kind of society we inhabit, a society which celebrates choice but in which the only available alternative to enforced democratic consensus is a blind acting out. Opposition to the system can no longer articulate itself in the form of a realistic alternative, or even as a utopian project, but can only take the shape of a meaningless outburst. (Zizek, 2011a)

Individuals find themselves in a paradoxical condition of sharing their renunciation of any shared narrative, denying themselves the use of social reason. For sure, sociology or critical theory might provide them with such a narrative, and thus reintroduce a form of political discourse where it appears absent. On the other hand, if we are to seek to understand the present, the performative and critical power of neoliberal discourse needs to be taken seriously, as a basis on which crypto-political and collective action does nevertheless take place. As Bruno Latour argues, political narrative seeks to bring a new collective entity into being through its performance, and cannot therefore also seek to represent reality entirely accurately (Latour, 2003). By seeking to render public life 'factual' and 'explicit', neoliberalism seeks to constrain not only the ambiguity but also the inventiveness of politics, for better or for worse. Yet it nevertheless provides routines, rituals, shared experiences, government and forms of collective representation; collectivity cannot disintegrate altogether. The question is how politics remains possible at all, and in particular, how the state remains authoritative, once heavily disenchanted by economic rationality. Simply replacing one set of 'economic' facts with another set of 'sociological' ones will not grasp the unwieldy way in which political-economic action takes place, once governed or authorized by a neoliberal logic.

Critique or interpretation?

To address this, I adopt the approach that has been variously known as 'convention theory', 'pragmatic sociology' and the sociology of 'critical capacity' (henceforth as 'convention theory'), as developed by a number of Parisian scholars led by Luc Boltanski since the early 1980s. The premise of convention theory is that, for the most part, individuals are obliged and able to *justify* their own actions, and to *criticize* those of other actors around them (Boltanski & Thévenot, 1999, 2000, 2006). The coherence and the critique of socio-economic life are not only the work of social scientists, scholars or critical theorists operating as *post hoc* or external observers, but also by individuals themselves acting in social and economic situations, whose interpretations and judgements should be taken

seriously. These include experts acting in firms, statistical agencies, public policy settings and professional services, who employ techniques, arguments and rhetorics that are not dissimilar to those employed by university social scientists. The codification of social scientific techniques and disciplines occurs only latterly, after certain forms of knowledge, measurement and evaluation have already arisen in society, beyond the academy. As Eve Chiapello has shown, for example, the rise of an economic science in the eighteenth century built directly upon conventions of valuation (including the categories of profit and capital) which accounting had already established for practical purposes within economic life (Chiapello, 2009). The appearance of *professional* social science at the close of the nineteenth century occurred only *after* its problems, objects and measuring devices had already arisen as practical concerns of modern institutions and government (Wagner et al., 1991; Wagner, 2001). The practical and political requirements of expert socio-economic knowledge are both historically and analytically prior to its methodological codification and professionalization. Precisely because modern liberalism potentially generates excessive uncertainty, expert disciplines, statistical frameworks and models have been introduced to make society manageable and predictable. But the problem of uncertainty is prior to political and expert responses, and is never entirely eradicated.

By this account, institutions, populations and situations 'hold together' as coherent, objective and meaningful for those who inhabit them, because they share certain critical and cognitive apparatuses, which are recognized internally as legitimate. These apparatuses operate at various scales: to speak of 'population', 'the economy' or 'society' as coherent empirical objects requires certain standards of measurement to be scaled up to the national level. Shared evaluative techniques allow actors to speak meaningfully and factually about what is 'going on'. *Principles of equivalence* emerge and are enforced, through which different people can be referred to as the same (for instance because they have the same 'IQ' score) or as different, enabling different varieties of inequality to become visible, which may or may not be considered legitimate. Distributions of goods and opportunities are underpinned by conventions that stipulate who is owed what, who deserves reward, what is to be shared and with whom. Even apparently amoral or *immoral* forms of economic distribution or organization can only persist in any stable or remotely predictable form, if they have codes and tacitly acknowledge norms through which to evaluate procedures. The task of convention theory is to identify and illuminate the normative, technical and critical resources that are employed, in the production of these coherent – or incoherent – situations. This implies that any critical analysis of neoliberalism as a historical period, composed of specific political and economic institutions, must also draw on an interpretation and

genealogy of neoliberal ways of thinking, measuring, evaluating, criticizing, judging and knowing. Convention theory invites us to combine ethnographies of actors and institutions with hermeneutic and historical excavations of intellectual paradigms and political philosophies.

Not all action can be interpreted in terms of adherence to norms, and nor should all economic distributions be assumed as internally justifiable. While the sense of justice and injustice can be seen as an innate human capacity, which can arise in any situation, there are other capacities – or what Boltanski terms 'competences' – that otherwise condition action and relations. Boltanski notes that relations of love and violence are non-critical, in the sense that individuals immersed in them lose any distance from a situation, and make no appeal to any broader norm beyond the situation or person at hand (Boltanski, 2012). In that sense, what love and violence hold in common is a refusal of all principles of equivalence; they refuse to see a particular person or situation as an example of a larger class, or to compare them to anything else. Alternatively, individuals may go to great lengths to avoid or delay critical scrutiny or justification. Entrepreneurs might be seen as an example of individuals who operate between or outside of existing conventions (Stark, 2009). Rapid transformations of capitalist structures mean that individuals can avoid being held to account (Boltanski & Chiapello, 2007: 42). But for social relations to be organized into reasonably persistent, reliable and peaceful institutions, at some point there must be a shared sense of normativity, a shared basis on which to distinguish between people and between things and make evaluations of their relative worth. A common framework of valuation is needed if complex economic practices are to proceed without constantly breaking down into argument and negotiation.

The development and application of convention theory have been discussed at length elsewhere (Wagner, 1994, 1999; Wilkinson, 1997; Biggart & Beamish, 2003; Blokker, 2011). Here I want only to identify two of its central characteristics, and to explore how these might contribute to a critical analysis of neoliberalism. In particular, how might convention theory advance our understanding of neoliberalism as a form of 'disenchantment of politics by economics'? How might it help interpret the politics of the apparently apolitical – even anti-political – events that characterize contemporary socio-economic crises?

Pragmatism against empiricism

The first way in which convention theory will aid us is in highlighting the limits and conditions of empiricism (or objectivity) in the social, economic and

political spheres, and hence the limits and conditions of disenchantment. It does this by excavating the normative and institutional underpinnings of technical and positivist forms of social scientific knowledge, including of economics. This is partly achieved through genealogies of the social sciences and associated measures and tools, for instance showing how particular forms of knowledge are pragmatically related to particular political problems. The ideal of positivist social science, especially prevalent in neo-classical economics and behaviourist social science, is to produce forms of socio-economic knowledge that are entirely value neutral and therefore objective. The Chicago School placed a particular emphasis on this. Quantitative and statistical analyses of social and economic activity supposedly exclude value judgements, regarding what is 'ultimately' or intrinsically valuable, replacing these with technical, extrinsic valuations. A single measure of value is substituted for multiple *values*. Facts replace judgements. In this respect, the birth of political economy and statistics in the late eighteenth century brought about a split between social theory and political philosophy, in which the former served as an empirical reflection on the direction and government of modern societies, while the latter continued to pose normative questions regarding the good or just society.

Convention theory questions the completeness of this separation, by highlighting the dependence of objective, empirical socio-economic analysis on critical and normative presuppositions. In Weberian terms, it unearths the private, silent 'vocation' of the modern social scientist, and articulates and publicizes it. It challenges the notion that political philosophy can ever be fully excluded from social theory, or indeed from social situations themselves. Economics and sociology are both attempts to create forms of *political physics*, separate from the *political metaphysics* that gave birth to them. They seek to replace moral rules (which people might obey, so long as they understand and recognize them) with scientific rules (which people obey unwittingly, as the natural world does) (Boltanski & Thévenot, 2006: 28–31). But in doing so, they simply shift questions of normativity elsewhere, into spheres of expert procedure and methodology, while often ignoring the irredeemably normative constitution of socio-economic life. For reasons explored by Wittgenstein, what governs individual action can never be fully explicated, not even by the individual concerned. The 'right' and the 'wrong' action (whether articulated in a moral sense or not) is something that is commonly understood by actors in the situation concerned, but cannot be entirely proved by referring to any explicit rule. No amount of 'evidence' can confirm what one ought to do in a given situation. There is always already a partly agreed-upon presumption, that a rule has validity and binds in certain ways, before the rule is actually invoked. In this sense, its 'physical' manifestation and application have a 'metaphysical' context,

where these terms are taken to refer to that which can and cannot be expressed as a fact. Both the error and the political utility of the socio-economic empiricist are to forget the 'metaphysics' of what they're doing and of the people they are studying.

When we speak of a rule or individual possessing 'authority' we make a type of metaphysical claim regarding something that we are unable to entirely articulate or prove. There are necessarily silent and invisible qualities to authority which can be alluded to with explicitly moral language (this rule or individual is 'good' or 'fair'), but part of the function of such language is to leave something out. There are reasons to obey the law, for example, such as the fear of penalties, but if the law is solely authorized by such reasons it would cease to be the law (cf. Hart, 1961). As Wittgenstein remarked, 'if a man could write a book on Ethics which really was a book on Ethics, this book, would, with an explosion, destroy all the other books in the world' (Wittgenstein, 1965). The metaphysical discourses of moral and political philosophy do not, from a pragmatist perspective, actually succeed in grasping that which they refer to (such as authority, fairness, virtue), but they make sense in spite of this. By contrast, the empiricist discourses of the social sciences (and associated forms of management, statistics and governance of populations) seek to operate purely at the level of the sensible, the physical and the measurable. But they must also offer reasons how and why to do so, which draw them into moral appeals, which extend beyond the limits of the empirical. If, for example, a traditional institution such as a profession is to be replaced by a particular type of empiricist audit of merit, this substitution can only succeed if that audit can serve as an institution, with all of the procedures, rules and unspoken norms of obedience that go with that.

Consider the case of orthodox economics. Considerable moral and metaphysical presuppositions are at work in the assumption that the value of goods can be established via monetary exchange. Certain contingent *critical* presumptions structure the *technical* methods for evaluating efficiency in the language of price. Moral *values* contribute to any definition of economic *value* – which, taken as a unity, can be described as an 'order of worth'. Contrary to the positivist notion that economics has no *a priori* notion of the collective or the common good, Boltanski and Thévenot show that it rests on a particular philosophical anthropology, regarding the common humanity of individuals operating in the marketplace, recognizing one another as autonomous selves, separate from their property (Boltanski & Thévenot, 2006: 43–61). In the first instance, justifications for liberal markets must draw on moral claims about the nature of the common good, which must be more than merely utilitarian or calculative

(Hirschman, 1977; Fourcade & Healey, 2007). This must include the capacity to recognize and sympathize with the individual with whom one is exchanging goods, and respect their capacity to express preferences. Empirical techniques suited to the governance, measurement and audit of the market sphere emerged later, but remained implicitly indebted to a particular moral worldview. Markets, and subsequently the discipline of economics, appear to bring about a purely objective, neutral representation of value, both of humans (in the labour market) and of things. Yet this objective assessment only 'holds together' on the basis that certain moral, metaphysical assumptions about the nature of individuals have already been adopted. The normative substrate of empirical representations can be teased out by noting how technical terms such as 'price' are descended from moral terms such as 'price' and 'praise' (Beckert, 2011; Stark, 2011). Actors have to suspend various alternative possible interpretations, and ignore various discrepant events, in order to affirm to each other that they are in a market situation, to be analysed using market-based rhetoric and tools. It is their commonly understood context that makes certain types of socio-economic fact possible, and not vice versa.

From a convention-based perspective, what remains in constant need of explanation is how liberal modern societies are as coherent and predictable as they are. Once individuals are recognized as possessing their own powers of (more or less) autonomous critical judgement, against an uncertain ontological backdrop, the remarkable thing is not that crises or paradigm shifts occur periodically, but that they don't occur the whole time. At the root of 'normal' socio-economic order is the fact that individual actors are able to reach sustainable *agreements*, which they do so by producing various forms of justification for actions, including the provision of empirical evidence. The distinction between normative critique and empirical technique is a rhetorical rather than an ontological one. Both moral and empirical claims regarding the 'worth' of humans and things depend on being *tested*, if they are to win agreement from others. A law court and an accounting audit both have similar formal properties, even though only one of them is explicit about its concern with 'justice'. It is easier and quicker to reach agreement on the 'right' way to act by pointing to numbers, statistics and evidence than by appealing to 'ultimate' moral principles alone, which are less amenable to testing. Empirical claims are more persuasive, but their authority partly resides in their capacity to hide their metaphysical underpinnings. The positivist social sciences, along with various forms of 'governmentality' and statistics, seek to replace critique with technique, judgement with measurement, but they are constantly parasitical on higher order claims about *what* ought to be measured, and *how* it is legitimate to represent this objectively.

Pragmatism in pursuit of pluralism

Following on from this is a second crucial feature of convention theory. This is the recognition that there are always multiple and incommensurable moral spheres available to actors seeking to justify their actions and to criticize those of others. There are multiple 'ultimate' moral principles that can be appealed to, and no *truly* ultimate perspective from which to ascertain the validity of any single one of these, or from which to arbitrate when rival moral principles come into conflict with each other. Boltanski and Thévenot identify six different moral 'orders of worth', which they associate with respective political philosophies regarding the 'common good' of humanity. The very fact that there is more than one variety of political philosophy demonstrates an existential political problem of pluralism that political philosophy itself cannot solve, though can at least acknowledge (e.g. Walzer, 1983). The practice and experience of politics, unlike that of political philosophy, are of navigating between multiple accounts of the common good, striking compromises, reaching agreements, in spite of the inevitable disagreements regarding the worth of decisions, actions and things.

If there are multiple and incommensurable forms of 'political metaphysics', then there are also multiple and incommensurable forms of 'political physics'. Methodological disputes between economics and sociology, for example, cannot be resolved by appealing to 'higher' normative or empirical arguments: the two disciplines operate side by side, in parallel technical and critical spheres of evaluation. They possess different principles of equivalence, different presuppositions about what people hold in common, and therefore how they can justly be differentiated. The most that can be hoped for is some form of compromise and pragmatic translation between the two. When an economist defends a policy or activity in terms of its 'efficiency', or a sociologist explains an event in terms of 'class stratification', these are manifestations of rival expert conventions, which lack any established techniques of translation from one to the other. Individuals may be capable of mediating between the two – a rhetorical skill that Boltanski and Thévenot term 'prudence'– or they may be able to inhabit multiple critical and technical spheres simultaneously, facilitating what David Stark terms 'heterarchy' (Stark, 2009). But they cannot adopt a view from the 'outside' which will inform them of the best basis on which to evaluate a situation, either normatively or empirically. As Weber observed 'we are placed in various life orders, each of which is subject to different laws', and any hope for discovering a final, once and for all justification beyond these, will end in disappointment (quoted in Du Gay, 2000: 74).

The question of the *objective reality* of socio-economic events can be answered with scientific data, until a new situation of fundamental uncertainty arises. Uncertainty, as the first generation Chicago economist Frank Knight described it, is an existential fact of social and economic life, which underlies all apparently scientific calculations of the future (Knight, 1957). It can be hidden or dealt with in a number of ways, one of which is to represent it in terms of mathematical probability or risk. Another would be to allow markets to convert the uncertainty into a price.[2] The attempt to convert uncertainty into risk, which Knight viewed as the central purpose of economics, can succeed until a situation arises which is of sufficient novelty or ambiguity that established cognitive and calculative techniques are ill-adapted to measure or model it. Calculations of risk become defeated by uncertainty. Pragmatic sociologists focus on uncertain situations, where quantified objective reality breaks down, to examine the disputes that then break out over how and what to measure. It is precisely under conditions of uncertainty when the multiplicity and incommensurability of rival normative-empirical worldviews become visible, and when actors themselves become aware of the constructed nature of socio-economic reality (Boltanski, 2011). Economic crises exhibit precisely this condition, enabling multiple definitions and measures of socio-economic reality to emerge simultaneously, offering rival accounts of what is going on. Crises are only fully resolved once a single cognitive apparatus and narrative has become sufficiently dominant, as to provide a shared reality which various political, business and expert actors can all agree on and inhabit.

Via an examination of moral incommensurability, convention theorists hope to explain technical and empirical incommensurability as a basic problem of all institutions and organizations: they contain multiple ways of representing themselves, testing their performance and demonstrating their worth. Particular metaphysical accounts of the common good produce their own techniques for the testing and demonstration of value. Where a group of actors accepts both the metaphysical account and the associated techniques, then a shared socio-economic reality becomes possible. If, for example, Gross Domestic Product (GDP) is recognized as *both* a technically authoritative measure of economic activity, *and* a morally authoritative indicator of economic progress, then it successfully produces a reality which politicians, policy makers and public actors all inhabit and can be judged by (Perlman, 1987; Desrosieres, 1998). In the language of convention theorists, the situation 'holds together' for all concerned, even if dissenting voices challenge its technical and/or normative legitimacy. But incommensurable values and techniques of valuation may arise, to challenge the authority of such an indicator – for example, highlighting the

fact that GDP fails to measure unpaid work by women in the home or the costs of environmental degradation. With multiple notions of the common good in play, and multiple techniques by which to assess it, the macro-economic reality might equally 'fall apart', and the positivist and technocratic ideal, of purely 'objective' socio-economic public discourse, no longer holds.

In these ways, convention theory rearranges the relationship between critique and its socio-economic object to recognize that modern society is replete with its own internal forms of justification, critique and evaluation, which inevitably come into conflict with each other. The semblance of coherence or incoherence of institutions is really an effect of agreements and disagreements that are constantly being renegotiated by the actors who inhabit them. One way in which capitalism reproduces itself is by maintaining its own internal varieties of anti-capitalism, thereby ensuring that the justification for capitalist activity is never reducible to its purely economic or monetary rationales (Boltanski & Chiapello, 2007). Confronted with contemporary neoliberal crises, apparently rooted in economistic, or even nihilistic worldviews, the task for the convention theorist is not simply to impose critique or sociological rationalization from without, but to interpret critical events (crises) via the critical capacities (critique) of the actors involved. Even anti-political events possess a residue of idealism, some normative account of justice and of political authority, which requires hermeneutic excavation.

One conclusion that *might* nevertheless be drawn, on the basis of such a pragmatist enquiry, is that neoliberalism's modes of evaluation and consensus-formation have ceased to perform adequately. Neoliberalism's paradoxical antipathy towards normative and political discourse means, inevitably, that it will struggle to maintain normative-political order, sooner or later. Problems particularly arise when the methodological presuppositions of policy-making elites (for instance, viewing crime in terms of cost-benefit analysis) become interpretive apparatuses that are available to non-expert actors 'in the wild' (such that the criminal *also* comes to view crime in cost-benefit terms). To recognize that actors possess justifications and critical capacities, even when they act destructively and egotistically, is not necessarily to assume that their arguments are accepted (or acceptable). If neoliberalism is now in crisis, which it may or may not be, a pragmatist perspective would highlight the ways in which chronic uncertainty has undermined the coherence and objectivity of its justifications. The technical and normative presuppositions of neoliberalism (which we shall investigate in due course) arguably no longer provide the basis of workable consensus. This may be partly because its own protagonists

have failed to understand the normative, and therefore partly tacit and non-empirical, nature of the rules which it applies and the authority claims it seeks to make. To put that another way, perhaps policy makers and experts don't quite understand what they're doing.

But before we can consider that proposition further, we need to return to the institution which sits at the heart of neoliberal contradictions and its crises of authority, namely the state. How can convention theory be extended into governmental and sovereign domains? What changes when critical and technical evaluations are backed up by sovereign power and not simply by methodological authority?

CONVENTIONS OF SOVEREIGN ECONOMIZATION

The achievement of nineteenth-century liberalism was to produce a sense of economic activity as separate from and external to social or political activity (Polanyi, 1957). The 'social' realm arose as a set of identifiable policy problems or 'externalities', which were not fully calculated by market exchange, but nevertheless side-effects of it. The split between neo-classical economics and sociology, echoed in the concept of market 'externalities' that belongs to welfare economics, was a formalization of the interpretive and cognitive apparatuses that had emerged to deal with these parallel worlds of 'economy' and 'society' (Pigou, 1912). Meanwhile, the liberal state also sat outside of these two domains, with the effect of being separate and autonomous. Within the liberal imaginary, the science of economics is a mode of evaluation and measurement which belongs properly to the 'economic' realm, typically identified with market exchange.

Economic imperialism

A defining trait of neoliberalism is that it abandons this liberal conceit of separate economic, social and political spheres, evaluating all three according to a single economic logic. For Hayek, there was no 'separate economic motive'; enterprising, calculated, strategizing activity did not only begin when the individual entered the market (Hayek, 1944: 93). Despite wide variations in how agency is conceived, this basic assumption that all action is principally economic action is common to all neoliberal styles of theory (e.g. Friedman, 1962;

Becker, 1976). This effects a collapse of the separate logics of market, society and state, using the language and techniques of the former to enact a blanket economic audit of all three. In Foucault's words, neoliberalism:

> … is not a question of freeing an empty space, but of taking the formal principles of a market economy and referring and relating them to, of projecting them on to a general art of government. (Foucault, 2008: 131)

Even when individuals or organizations are not acting in a market, the project of neoliberalism is to judge them and measure them *as if* they were acting in a market. If liberalism treated the 'economic', the 'social' and the 'political' as separate spheres, with their own discrete modes of evaluation, neoliberalism evaluates all institutions and spheres of conduct according to a single economic concept of value. In doing so, it has effectively collapsed the boundary around a distinct market sphere, and in doing so, abandons the notion of the social or public 'externality' that exists beyond the limits of commercial exchange (Coase, 1960).

Within the academy neoliberalism has been characterized by aggressive economic 'imperialism', whereby techniques that initially arose for the analysis of markets and commercial activity were applied to the study of social, domestic and political activity (Fine & Milonakis, 2009). Gary Becker's pioneering work since the 1950s on 'human capital' and the economics of crime, addiction and the family presaged a later popularization of such approaches, as manifest in the popular economics book *Freakonomics*. A pragmatic perspective would recognize economics as a set of techniques and normative presuppositions, that first emerged alongside liberal markets for practical purposes, and was only latterly codified and professionalized following the emergence of neo-classical economics in the 1870s. But once codified, and seemingly emptied of its normative content, these same techniques can travel beyond their initial sphere of application, namely the market, and evaluate *all* activity, as if it were oriented around price and exchange. Viewing the world 'like' a market, and governing it 'as if' it were a market, are hallmarks of neoliberalism.

Contrary to the view that neoliberalism represents a form of 'market fundamentalism' or simply a revival of nineteenth-century laissez-faire, in fact the key institution of neoliberalism is not a market as such, but particular market-based (or market-derived) forms of economization, calculation, measurement and valuation. A particular vision or nostalgic imagination of a free market may provide some political or normative orientation to neoliberal thinkers, but it is

the scientific techniques, devices and measures that are more often used to drive market-like behaviour and performance evaluation further into a society and politics that are more distinctively *neo*liberal. Neo-classical economics, which rests on the assumption that value resides in the optimal satisfaction of stable and exogeneous individual preferences, has been one of the foremost techniques via which economization has proceeded, especially thanks to the work of the Chicago school of economics. Various other techniques of social and political audit, quantification and risk management have followed in its wake. Marion Fourcade has explored how even nature has become valued 'as if' it were a private, exchangeable good, using techniques such as 'willingness to pay' surveys (Fourcade, 2011). The British Treasury has codified various techniques for calculating the hypothetical price of non-market goods, published them in a single document, and now insists that all departments of government justify their spending decisions using these measurement devices (HMT, 2013). These produce what Caliskan terms 'prosthetic prices', which, in contrast to those generated at the moment of market exchange, are constructed through models and other calculative devices, as strategies to dictate how worth is constructed (Caliskan, 2010). In all cases, neoliberalism is typically less concerned with expanding markets per se, than in expanding the reach of *market-based principles and techniques of evaluation*.

Institutions which claim 'authority' or 'legitimacy', without any relationship to markets, calculation or individual choice, become the most crucial object of economic critique, for it is these whose rationale is least visible or explicit. Trade unions, guilds, cultural critics, families, artists, democratic procedures, law, traditions and professions all make claims to authority and justification, by appealing to tacit and/or incalculable notions of what counts as justice or the common good. They are, in a sense, 'enchanted' by virtue of their implicit appeal to particular varieties of political metaphysics, which exceeds or refuses measurement. They typically abstain from offering factual, quantitative justifications for their existence and activities, and employ language in ways that are self-consciously performative rather than positive. Neoliberal critique cannot simply abolish all of these institutions, or replace all of them with markets, but the targeted use of economics can seek to replace normative, critical evaluation with economic, technical evaluation. Economization represents a replacement of multiple varieties of 'political metaphysics' with a single economistic variety of 'political physics'. Incommensurable values and visions of 'the public', 'social justice', 'fairness' and 'right' are all calculated and evaluated, in terms of the quantitative language of efficiency, price and preference. Any source of intrinsic authority is emptied out, and replaced with

extrinsic evaluation, yet this necessarily bestows intrinsic authority upon the economic techniques via which that evaluation is carried out.

The problem of sovereignty

Amongst all of this, neoliberalism's greatest dilemma concerns political *sovereignty*, in the sense of an *ultimate* source of political power or authority. Sovereignty represents a particular form of 'political metaphysics', but one which makes claims about the 'final' source of political power, rather than the 'final' measure of the common good. It is in the nature of sovereignty that its full physical potential is never quite revealed, which is how it succeeds in striking fear and establishing order. As in the classic Hobbesian definition, the sovereignty of the modern state exists as a form of invisible potentiality, which enables individuals in a free society to trust one another, seeing as each believes that this potentiality is real and capable of enforcing order. A state which revealed its full capacity for violence would have become merely physical (and thereby finite and measurable), and lost the sense of transcendence that gave it an aura of limitless power.

Sovereignty is metaphysical in the sense that it works through being largely withheld, and is exercised partly to provide proof that it exists. So long as everyone continues to believe in a source of sovereignty, then no further tests or visibility are required. Sovereignty can be performed, but it cannot be empirically proven or tested. A sovereign relies on particular rituals, texts, objects and bodies, which are presumed to mediate between the visible world of finite objects, and these unseen reserves of power. The clothing of sovereign actors or the words they recite in a certain order are a constant reminder of the state's unseen, unspoken capacity to enact violence, in excess of anything that can be calculated or rationalized. This isn't to say that different *varieties* of sovereignty can't also make claims about the common good. The notion of 'popular sovereignty' assumes that the ultimate source of power lies outside of the state in the populace, while 'legal sovereignty' depends on a tacit understanding that the law *should* be applied to everyone in the same way. These metaphysical entities get entangled with the potentiality of violence, to produce the sovereign political symbols and offices which sit at the heart of the modern state. In all cases, sovereignty depends on there being more to political institutions than meets the eye in terms of physical force. Political strategies which seek to render state and society entirely visible also, therefore, seek to empty them of sovereign authority.

As Foucault highlights, the typical neoliberal stance towards any claim to sovereign authority is to ridicule it. In a close parallel to the positivist critique of

metaphysics, 'the economic critique the neoliberals try to apply to governmental policy is also a filtering of every action by the public authorities in terms of contradiction, lack of consistency and nonsense' (Foucault, 2008: 247). If sovereignty is to exist at all, then it cannot by definition be rendered calculable or measurable: it exceeds the limits of mere utilitarian policy. To be sure, Foucault himself was clear that immanent practices of expert, utilitarian governmentality must co-exist with sovereign institutions, such as law or parliament, rather than displace them.[3] Sovereignty and governmentality exist in parallel planes of political ontology, one exceeding any empirical manifestation of power, the other rooted entirely in tangible practices of measurement, construction and discipline. But the political riddle of neoliberalism has been that it seeks to criticize and reinvent sovereign bodies, using positivist and evaluative techniques that necessarily misrepresent what makes those bodies sovereign in the first place. It makes the modern state an *object* of economic rationalization, and not only an agent.

At the same time, as a practical political project, neoliberalism has been heavily dependent on sovereign institutions in order to carry out its reinvention of liberalism and transformation of society. The necessarily excessive, incalculable nature of sovereignty makes it an impossible object of complete economization, and for this reason it is an object that neoliberals have been drawn to like moths to a flame, as it represents constantly unfinished business. Neoliberalism seeks to place sovereignty on economically rational foundations, but then becomes entangled in questions regarding the authority – ultimately the sovereignty – of economic methodology as a basis for political critique, decision making and rule. The discourse and techniques of economics are not self-justifying: no formal rule can also indicate how, or whether, it should be obeyed. As a result, positivist techniques of rationalization will depend on silent, unseen sources of obligation, be they tacitly understood norms of cooperation or tacitly understood sources of political power.

Spheres of economization

The insight of convention theory, that 'political physics' is always derivative of 'political metaphysics', becomes a powerful basis on which to understand the limits, failures, varieties and crises of this sovereign economization. Positivist economic techniques, which are used with abandon across social, economic and political realms, must nevertheless be accompanied by some intrinsic justification for their use. Where the numerical, formal representations of economics lack some tacit, unspoken moral authority, they lose the capacity to produce a

shared socio-economic world, recognized by multiple actors as 'real'. Where they are not tacitly backed up by sovereignty, they lack the power and legitimacy that are necessary to govern populations and economies. But seeing as how neoliberalism specifically seeks to rationalize, quantify and de-mystify sources of sovereign authority, such as law, executive power and democratic ritual, it inadvertently undermines its own capacity to govern with any form of metaphysical authority. The numbers and calculations it produces, by way of an alternative to notions of 'justice', 'common good' and 'public interest', potentially come to appear arbitrary and meaningless, in the absence of some higher claim regarding their political legitimacy. In this respect, in its entanglements with sovereignty, neoliberalism desperately saws at the branch it sits on. Exactly as Jamie Peck argues, 'neoliberalism's curse has been that it can live neither with, nor without, the state' (Peck, 2008: 39).

And yet neoliberalism *has* succeeded in constructing and sustaining forms of political authority, including legitimate forms of state sovereignty. It *has*, to some extent, found ways of coping with its own contradictions, for otherwise it would be incapable of governing as coherently as it does (or has done). Its market-based principles and techniques of evaluation do, in practice, succeed in being wedded to the state, and employed as a basis for authoritative political action. As will be explored in later chapters, this is only possible because economic techniques themselves become imbued with a quasi-sovereign form of authority – that is, they become ritualized and rhetorically powerful. They come to provide the procedures, constitutional frameworks and aesthetic flourishes which underpin modern political authority. Like the revolutionary pigs in George Orwell's *Animal Farm*, who eventually became indistinguishable from their former masters, economics enters the political realm with an ethic of cold, positivist rationalism, but gradually takes on the qualities of the 'nonsensical' sovereign powers that it was tasked with displacing. When economics is used as a substitute for law, eventually it becomes law-like. If economics is to provide a substitute for executive decision, it must somehow acquire the same form of charismatic authority as the decision maker. The financial crisis has rendered this fusion of sovereignty and economics far more explicit, as national states have had to draw on exceptional political resources in order to reinforce an otherwise collapsing market logic (Davies, 2013). The ontology of neoliberal power is therefore riven with a fundamental ambiguity (or even aporia), whereby it hovers between the measurable and the immeasurable, the empirical and the transcendent. Positivism becomes imbued with metaphysics, so as to maintain its epistemological and political authority, without ceasing to be positivist.

What we witness in the neoliberal disenchantment of politics by economics is therefore a series of movements, which can be described in the following sequence. Firstly, a set of economic techniques for measurement and evaluation arises in and around markets. These techniques are dependent on and derivative of various normative presuppositions about intrinsic value, which historically contributed to the justification and spread of free markets. Secondly, these techniques for measurement and evaluation became codified as the basis of a professional scientific discipline, from the 1870s onwards, following the birth of neo-classical economics. From this point forward, it was no longer inevitable that economics had any necessary relationship to economic institutions, although it remains implicitly derivative of a certain market-based moral philosophy. It became reinvented as the study of rational choice, which in its more behaviourist twentieth-century manifestation, was purely focused upon observable phenomena to be modelled mathematically.

Thirdly, these techniques became applied to evaluate and criticize the state (and various other social and political institutions) from the 1950s onwards. Debunking claims regarding the 'fairness' of law or the 'public ethos' of bureaucracy, and offering quantitative analyses in their place, was the major achievement of neoliberal critics during the Keynesian era. And fourthly, as these techniques infiltrated sovereign, political institutions from the 1970s onwards, they began to acquire forms of political legitimacy that they themselves are unable to explain. Under 'actually existing' neoliberalism, techniques of economic rationalization rarely colonize or invade the political, public and sovereign realms, as the metaphor of 'economic imperialism' would have it, without some justification of their own. Disenchantment is never quite as successful as that. Instead, they adapt to the particular rhetorical, normative and pragmatic purposes of the actors who use them. They borrow elements of the modern authority, which they are outwardly hostile to. The 'political physics' of economics adapts to coexist with the 'political metaphysics' of modern political authority, and the normative presuppositions of the policy makers, lawyers, politicians and public actors who are the target of neoliberal rationalization.

It follows from this that the economic rationalization of politics and the state is a necessarily heterogeneous, multi-faceted project. Neoliberal economization encounters political and sovereign institutions shaped partly by a liberal logic of separation. Separation of powers, the cornerstone of liberal constitutionalism, leaves a hybrid sovereign political legacy that cannot simply be re-integrated via a blanket economic audit. The task of extending economics into political and sovereign realms is obstructed by the fact that there are

multiple and incommensurable notions of authority at work in modern polities. Conventions of economization must adapt to their specific tasks and objects, meaning that they too develop in incommensurable ways. Viewed pragmatically, the economic 'imperialism' of neoliberalism comes to appear far less homogeneous and all-consuming than its critics might fear. Different political and sovereign objects require different conventions of evaluation in order to be rendered measurable and economically calculable. The judiciary represents a different challenge for neoliberalism than the executive, and the legislature represents a different challenge again. Arguably, neoliberalism overcomes the separation of sovereign powers by asserting the 'ultimate' (extra-juridical, undemocratic) authority of executive decision: this Schmittian proposition is explored in later chapters. The epistemological task is to eradicate 'separate' political and social realms, external to economic analysis, while the tools are a set of techniques and principles that have (in the past) been associated with the market sphere. But beyond that, there is ample scope for adaptation, flexibility and innovation. New techniques can be invented, and new interpretations of 'market' principles can be offered. Neoliberal appeals to 'the market' have often been used to defend monopolistic corporations; this is a flexible rhetorical project. The interplay of state, economic expertise and normative justifications is a fluid and contingent one. There is no single, ultimate doctrine of economic rationality which all public, political or sovereign actions can be measured against, although economic experts will speak and act as if their doctrine is 'neutral' and 'objective'.

Thanks to the plurality of sovereign domains and the plurality of conventions of economization, neoliberalism confronts the problem of incommensurability. There is more than one way of calculating the most 'efficient', 'competitive' or 'welfare-maximizing' policy. Different forms of political authority condition how different forms of economic calculation proceed, contributing to different normative stances towards the problem of economic uncertainty: some of these will be explored in later chapters. Economic technocracy encounters its limits, when rival varieties of measurement and calculation clash with one another. These draw their authority from different political sources, as they employ economics to provide different types of legitimacy. To do so, they assume different implicit accounts of economic agency, deriving from different implicit accounts of how 'free' markets ought, in principle, to work. The *realpolitik* of the neoliberal state means that economic calculations, moral justifications and political imperatives are constantly impacting upon one another. The image of a homogeneously economized political or public realm therefore remains an illusion, though one which serves various political interests. Following its disenchantment by economics and mantras of 'transparency' and 'evidence', politics mutates into something less visible.

STUDYING THE NEOLIBERAL EXPERT

The neoliberal state is an aggressively utilitarian state, in the sense that it seeks to make all political, legal and public action subject to quantitative empirical evaluation. Many Chicago law and economics scholars (the topic of Chapter 3) acknowledge their debt to Bentham, who they view as the pioneer of extending economic critique into the state (Kitch, 1983). Once rendered economically rational, the state is no threat to neoliberals, but instead their most important weapon. But the question then surely arises: how is this different from the rationalized, bureaucratic, welfare state? To what extent does this (heterogeneously) economized sovereign state defend the form of liberty (i.e. uncertainty) demanded by Hayek and his contemporaries? What is to prevent these expert, economized public institutions from themselves replacing 'the impersonal and anonymous mechanism of the market by collective and conscious direction of all social forces to deliberately chosen goals', just as the socialist planner had? The promotion of instrumental rationality, as a defence against political romanticism and/or socialism, is a concern that places many neoliberals close to Weber in their sociological orientation (Gamble, 1996). But to argue that neoliberalism merely seeks greater means-ends rationality in government is to miss the precise modes of authority that it seeks.

The planner is the first and primary enemy of neoliberal political thought (Hayek, 1944, 1945; Friedman, 1962). Producing a basis for modern, expert political authority *without* the potential to justify centralized economic planning was an over-arching goal of Hayek's intellectual career, and shaped the project of the Chicago economists who followed him (even while they departed from him in important epistemological and methodological ways). The spectre of the planner – imposing a single set of values upon the collective – haunts neoliberal thought and policy practice as the enemy of freedom. And yet under 'actually existing' neoliberalism, one could point to a great deal of evidence that Benthamite utilitarianism has indeed led to extended governmental interventions, and efforts to intervene in private choices: this was undoubtedly the experience of many public sector workers, professions and publicly-funded academics from the 1980s onwards. Hayekians might argue that the experience of 'applied' neoliberalism owed very little to Hayek's critique of centralised expertise, but neoliberalism is not only a particular form of bureaucratization, and not only distinguished by the fact that it uses economics (and other techniques associated with the market sphere) with which to carry out its evaluations and audits. Its authority claims, what knits its disparate adherents together, and the basis of its avowed liberalism, also derive from a particular value that is present in markets, but can be pushed into all other corners of society: competition.

The great appeal of market competition, especially for Austrian neoliberals, was that its outcome was unpredictable (Hayek,1963, 2002). The sense that it might, more importantly, be economically efficient was only taken up subsequently by the Chicago School (Bork, 1978). And yet as the world of sport testifies, vibrant competitions still create a need for experts and authorities, to create the rules, arenas, events, league tables and prizes for those who enter them, and to train, motivate, discipline and punish competitors. Once we are speaking of these deliberately constructed competitions, and not some existential or biological idea of emergent competition, we get a clearer view of the strange forms of authority which neoliberalism has generated and depended upon. We see new breeds of expert – coach, regulator, risk manager, strategist, guru – offering toolkits and advice on how to navigate and act upon a constantly changing and unpredictable environment. These technocrats do not fit tidily into categories of 'science' or 'politics', as they are neither 'objectively' disengaged like the scientist, nor goal-oriented like the politician. They are examples of what Mirowski has termed neoliberalism's 'anti-intellectual intellectuals': experts who declare that stable consensus is impossible, but nevertheless assert their capacity to rule over the unstable dissensus that results. What they offer are evaluative techniques through which to quantify different options, rank different candidates, give scores to different agencies. In a world organized around the pursuit of inequality, that is, by an ethic of competitiveness, these experts are able to represent the world in numerical hierarchies of relative worth. It is not just cold instrumental reason that underpins the authority of economics in the neoliberal state, but also its capacity to quantify, distinguish, measure and rank, so as to construct and help navigate a world of constant, overlapping competitions. The pragmatic utility of economic methodologies is to provide common *measures and tests* against which differences in value can be established. People do not 'naturally' appear as unequal (nor should we assume they 'naturally' appear equal). The very question of their sameness and their difference is one that only arises thanks to certain moral and technical claims, offered by various actors with varying levels of authority and expertise. The expert on which neoliberalism is most dependent is the one who is able to evaluate and score competitors, without bringing about some excessively peaceful resolution to the contest.

Experts of this nature have a paradoxical form of authority that is itself unstable. These experts produce a vision of society in which all differences are represented as comparative inequalities. But this also means that *inequalities in power* are also merely empirical and quantitative, meaning that they cannot possess any legitimacy. Those offering orders – bureaucrat, politician, manager – are to be obeyed

simply because of asymmetries in empirical, physical power, not because of the reasons that might be given for obedience. In the build up to the financial crisis of 2007 onwards, it was commonly remarked that one problem was that financial regulators and credit raters could not compete with the vast salaries paid by the banks they were tasked with evaluating. This is the endgame of neoliberalism: normative authority collapses into empirical inequalities in economic power, and then the system itself becomes untenable, save for where new reserves of power can be found through which to enforce it.

Outline and approach of the book

The interpretive turn away from 'critical sociology' to the 'sociology of critique' invites the question of what is *added* to the critical and evaluative accounts provided by the actors being studied. Why read a pragmatist interpretation of neoliberal theory, and not simply read the neoliberal theory itself? Why perform social science at all, if not to impose a different yardstick of measurement or critique from the one that is already in use by the actors concerned? It needs to be stressed in response to these questions that the study of conventions remains *theoretical*: it still seeks to use the affordances available to the external observer, in order to produce a narrative that was not previously present (Boltanski, 2012: 31–32). Above all, there is the pragmatist assumption that, while individuals are possessed of a critical autonomy not accorded to them by critical theory, they nevertheless remain limited in the types of actions, decisions, statements and routines that are available to them. Conventions exist as sets of rules that condition and limit the forms of freedom that are available to people, although the ability to switch from one normative world-view to another means that freedom extends beyond the tramlines laid down by any single moral system. Discourse always presumes and communicates more than it explicitly expresses, and the task of hermeneutics is to bring this background context and presumed understanding into the foreground as a reminder of what can otherwise get forgotten.

But how to identify these conventions? How do they come to light, and what counts as evidence of them? In the first instance, they can be described via what Weber termed 'theoretical constructs' – artifices introduced by the sociologist, in order to make different forms of meaningful action distinguishable from one another. No amount of 'data' is adequate to prove that these are real or valid: actors themselves may not recognize them. These models or ideal types are hermeneutic devices, whose validity is to be judged in terms of how successfully they contribute to the understanding of others' actions. An interpretive model can only be constructed with a degree of speculation and imagination. As Boltanski argues:

> We are in a position to understand the actions of persons when, by putting this model to work, we have grasped the constraints that they have had to take into account, in the situation in which they found themselves, in order to make their critiques or their judgements acceptable to others. (Boltanski, 2012: 33)

The task is to describe what is presupposed when claims about socio-economic reality are being made. This is partly a question of identifying the methodologies and measurements that are being used in making these claims, but prior to that there are the assumptions of what is worth arguing over or measuring in the first place. Where experts seek to hide or forget such presuppositions, or deny normative or political dimensions of their actions, this type of excavation acquires a critical dimension in its own right, that, like genealogy, brings to light the fluidity, politics and contingency of taken-for-granted types of truth. This requires us to read positive economics 'as if' it were political theory, inverting the neoliberal project of measuring political actors 'as if' they were market actors.

Convention theory has often been put to empirical use in the study of the micro-dynamics of organizational life, so as to show how different notions of value are present in specifically situated disputes (e.g. Jagd, 2011). But it can be scaled up in order to understand the multiple and conflicting ways in which social and moral theory frames broader disputes over questions of justice and truth, organizing the very problem of modernity (Wagner, 2008). The focus in this book is on the multiple types of political authority that neoliberal critique makes available, specifically to the state. These types are never prescriptive as to exactly what the state should do. Rather, they are immanent moral-political philosophies that provide loose coherence to the techniques, methodologies, measurements and interventions of state actors, providing economic critiques *of* the state for use *by* state actors. Borrowing the approach of Boltanski and Thévenot's *On Justification*, I approach them through rhetorics of political philosophy, using conflicting philosophies of the common good to identify rival ways in which the state can pursue economically rational programmes. Three in particular are explored in later chapters: the liberal-juridical; the violent-executive (which tips into the exceptional); and the communitarian. These provide latent notions of authoritative political action that shape how economistic evaluation proceeds in and around the state. If a central task of neoliberalism is to make the state 'market-like', reducible to quantitative indicators and facts, there must be ways or styles in which this disenchantment is possible while still managing to appear legitimate.

The analysis in subsequent chapters is based on readings of texts and, in some instances, interviews with government officials and advisors in Washington DC,

London and the European Commission. Empirically, the focus is upon cases of expert discourse which bridge between economics and public administration in various ways and at various historical moments. The experts that interest me are critics of the state, though some also work for the state, be it as permanent officials, temporary advisors or consultants. They implement their techniques and measures in order to evaluate aspects of the state on the basis of various forms of economic rationality. Many of them move between academia, think tanks and government agencies, circulating ideas, evidence and methods as they go. This interpretive approach to policy elites is now an established tradition in political science (Yanow, 2000; Bevir & Rhodes, 2004; Fischer, 2009). The intriguing thing about policy experts and critics, from a convention theory perspective, is that in their individual statements and actions one can identify the justificatory resources that are available to the state more generally. If the distinction between the 'micro' and the 'macro' is a technological and rhetorical one rather than an ontological one, then there is 'macro-political' interest in studying statements likely to have large-scale rhetorical and performative power (Latour, 2005; Boltanski, 2012). The ontology of the state as such is not directly addressed here, instead the questions are those of how sovereignty can be rendered economically empirical while still retaining sufficient metaphysical and performative aura in order to hold together as legitimate and powerful. This is by its very nature a paradoxical venture.

The rest of the book is divided as follows. Chapter 2 addresses the idea of competition as a central organizing principle and ideal of neoliberal political authority. The neoliberal state acquires authority from generating and overseeing competitive activity, and this competitive activity then facilitates certain varieties of political authority. The chapter explores the paradoxical qualities of competition as a form of organization, in which actors are formally equal at the outset, and contingently unequal at the conclusion. Yet how that formal equality is defined, and how much contingent inequality is permitted, is open to various interpretations.

Chapter 3 explores the Chicago Law and Economics movement, which transformed legal and regulatory understanding of competition, in ways that shaped reforms in the USA during the 1980s and in the European Commission from the 1990s onwards. Law and Economics demonstrates the various properties and paradoxes of neoliberalism already explored in Chapter 1: it is a clear attempt to replace the substantive ethos and metaphysics of law with purely technical measures. Yet in doing so, it potentially undermines its own authority.

Chapter 4 carries out a similar analysis of 'national competitiveness' agendas from the 1980s onwards. Where Law and Economics saw neo-classical economics colonizing law, 'competitiveness' experts used the field of business strategy to colonize the executive branch of government. Nations, regions and cities are re-imagined as competitive actors – like firms – and the question of political decision making is posed as one of strategic navigation of economic uncertainty. Ultimately, the global economy comes to be treated as a competitive game in which nations are trying to win.

Chapter 5 looks at ways in which 'anti-critical' thought and evaluation are mobilized in order to avoid or delay a crisis. In recent years, and especially since 2007, various efforts have been made to reinforce existing modes of economic rationalization and defend them from critique. Two in particular stand out here. Firstly, there are various 'neo-communitarian' policy strategies through which 'normal' economic reasoning can be sustained, despite psychological or neurological or sociological pressures against calculation: these include behavioural interventions aimed at helping individuals to act in a rational economic fashion. Secondly, there are the exceptional sovereign measures which are taken to ensure that existing forms of economic rationality survive various forces (such as the global financial crisis) that might otherwise overwhelm them: these include the suspension of 'normal' market law.

The last chapter considers the fate of critique. Pragmatic sociology has been criticized for capitulating to expert governance and capitalist management, and abandoning the critique of exploitation and domination. This poses the question of whether there might be routes which move in the opposite direction, from the sociology of critique, back to a more orthodox critical theory (Boltanski, 2011). The book concludes by seeking the political routes beyond economism and/or sovereign domination, and what other sources of authority might be imaginable and viable.

NOTES

1 'To be neutral means to have no answer to certain questions' (Hayek, 1944: 80).
2 There is an important distinction here, which often gets elided, between treating *economics* as the calculative technology and treating *markets* as the calculative technology. Markets, especially from a Hayekian perspective, absolve the need for economic risk modelling, because various judgements about the future are channelled into the price. Conversely, economic models seek to quantify uncertainty, as an alternative to consulting

markets. However, models often play an important performative role in guiding market actors by providing 'prosthetic prices' to influence *actual* prices (Caliskan, 2010).

3 'We should not see things as the replacement of a society of sovereignty by a society of discipline, and then of a society of discipline by a society, say, of government. In fact we have a triangle: sovereignty, discipline and governmental management, which has population as its main target and apparatuses of security as its essential mechanism': M. Foucault (2007) *Territory, Security, Population: Lectures at the College de France, 1977–78*, Palgrave, pp. 107–108.