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A Brief History of Neoliberalism, David Harvey. Oxford University Press, 2005, vii + 247 pages.

David Harvey has written an important book, which seeks to explain the rise of neoliberalism to those who mistakenly believe that the core of modern right-wing political doctrine still resembles the classical liberalism of Adam Smith or John Stuart Mill. Such clarification is long overdue in the American context, where both the term and the theoretical examination of neoliberalism have lagged behind usage in European and Latin contexts, in no small measure due to the efforts of the neoliberals themselves. This book is aimed at a general audience, and attempts to weave together recent economic history and history of political theory into a single narrative of the ascendancy of the neoliberals throughout the world, in a short nontechnical text. The economic history component covers the restoration of income and wealth shares of the top 1% of the US population to pre-WWII levels, the erosion of real wages, offshoring and the boom in overseas profits, globalization, and the decline of the welfare state. Harvey is especially good on moving from the US to other national contexts, such as Sweden, Mexico and South Korea as components in a global political economy. Indeed, the chapter on Chinese neoliberalism is one of the best short summaries available of an increasingly important but poorly covered phenomenon. These all attest to Harvey's skills as a geographer.

Nevertheless, Harvey aspires to something grander than that in this book: he seeks to demonstrate how the theory and practice of the political economy of neoliberalism have mutually informed and promoted one another on a global scale. He aims to show that the theory exists in tension with political practices it has promoted (chap. 3), especially when it becomes apparent that the movement has been more successful in global redistribution rather than the creation of wealth (chap. 6), and has thus prompted "exploitable contradictions in the neoliberal agenda" (p. 203).

One might quibble that gaps between ideals and realizations have rarely been solely responsible for the demise of political movements, but readers of this journal will probably be more concerned with the way the book treats the ideas behind these transformations; and here there is some cause for concern, and even critique.

A perennial evergreen debate in the philosophy of social science is to ask to what extent do phenomena such as those mentioned above owe their occurrence to previous ideas about them, and how much do the ideas (in this case in political economy) simply arise to justify economic history in a *post hoc* fashion? A prerequisite for a plausible answer to the question is to get the history of ideas straight, and here Harvey is correct to locate the birth of neoliberalism at the founding of the Mont Pèlerin Society [MPS] in 1947. Of course, as always, there were precursors and predecessors (Denord, 2001; Walpen, 2004) which Harvey neglects, but nevertheless, it is significant for our question that one dates the self-conscious communal project as originating during the high-water mark of the influence of the Left in Europe and America just after WWII. The key word here is *communal*: the mobilization of neoliberalism required acknowledgement that the methodological and political individualism of classical liberals had been their point of vulnerability; on both the intellectual and activist levels a 'new liberalism' could no longer invest all its faith in random heroic geniuses and charismatic individual politicians. My first complaint about Harvey is that he misses this fundamental point about what makes neoliberalism 'neo'. He correctly identifies Friedrich Hayek and Milton Friedman as key theorists, but does not convey what a new departure it was for right wing political economists to suborn themselves so thoroughly to elaborate formal organizations that would hash out joint intellectual positions (MPS) or mediate the purveyance of ideas to political actors (eg., IEA, American Enterprise Institute, Atlas, Unirule) and integrate these activities with rich and powerful patrons. Indeed, recent work reveals that academic units such as the Chicago School of economics were founded as subsidiaries of the larger project, rather than vice versa, organized with extensive outside involvement (Mirowski & Plehwe, forthcoming). Also, the project was from the start a *transnational network* of organizations, better suited to the global vision of capitalism which they promoted. Hence the ideas and their incubators substantially preceded the political successes of the neoliberals beginning in the 1970s, not to mention the global reach of the transnational corporations, thus endorsing Hayek's faith in the crucial prior importance of ideas in political controversies.

Perhaps more critically, Harvey falters in pinning down the exact *transdisciplinary* conceptual content of neoliberal doctrines. Precisely because it was such a communal endeavor, one cannot readily take the writings of any single theorist as canonical: the political economy of neoliberalism was constructed over decades by more than a thousand

members of MPS in a process of friendly antagonism. They changed their minds over numerous issues, extending even what they should call their movement. They started out using the moniker “neoliberalism” (Friedman, 1951), but backed away from it over time, which helps explain why the designation is still so misunderstood in Anglophone contexts. Harvey (p. 20) simply identifies neoliberalism with neoclassical economics, but that is both a technical and philosophical error. He also (p. 64) comes close to identifying neoliberalism with the classical limited state; that too is badly misleading. It is true that most economics departments have become more neoliberal in the last two decades (p. 54); but the reasons for this cannot be necessarily traced to the content of neoclassical microtheory, which was invented long before WWII, and if anything, has itself become much less coherent as the dominant orthodoxy over the recent time frame (Mirowski & Hands, 2006). Partly, Harvey is tripped up by taking one or two neoliberal texts at face value; but their dicta for popular consumption frequently diverged from the rhetoric of their texts for internal discussion and consumption. Here is one example, from a talk by James Buchanan delivered to the MPS (7/31/1986):

“Among our members, there are some who imagine a viable society without a state . . . For most of our members, however, social order without a state is not readily imagined, or at least in any normatively preferred sense . . . Man is, and must remain, a slave to the state. But it is critically and vitally important to recognize that 10% slavery is different from 50%.”

Thus the pressing philosophical problem inadequately addressed by Harvey is to reveal how the neoliberals as a group managed to come up with a conceptual accounting system which would underwrite their attribution of “10% slavery” to their political program. To give some idea of what Harvey lacks, we here propose a ten-point caricature of the state of neoliberalism circa 1990:

- 1) The starting point of neoliberal theory is the admission, contrary to classical liberal doctrine, that their vision of the market society will triumph only if it becomes reconciled to the fact that the conditions for its existence must be *constructed*, and will not come about ‘naturally’ in the absence of concerted political effort and organization. As Foucault presciently observed in 1978 (2004, p. 137), “Neoliberalism should not be confused with the slogan ‘laissez-faire’, but on the contrary, should be regarded as a call to vigilance, to activism, to perpetual interventions.”
- 2) This assertion of a constructivist orientation raises the philosophical issue of just what sort of ontological entity the market is thought to be. While one wing (the Chicago School) made its name attempting to reconcile its idiosyncratic ‘Marshallian’ version of neoclassical economic theory with this ‘non-natural’ orientation, other subsets

of MPS have innovated different versions. The Misesian wing of Austrian economics, for instance, attempted to ground the market in a rationalist version of natural necessity. What later became the dominant version at MPS emanated from Hayek himself, where 'the market' is posited to be an information processor more powerful than any human brain, but essentially patterned upon brain/computation metaphors. In this version, the Market always surpasses the state's ability to process information (as an anti-Hegelian *Spirit*), and this became the kernel of the neoliberal argument for the necessary failure of socialism.

- 3) Even though there subsisted lack of consensus on just what sort of animal the market 'really' is, the neoliberals did agree that for purposes of public relations, and suppressing their own constructivist tendencies, the market must be treated as a 'natural' and inexorable state of mankind. What this meant in practice is that modern natural science metaphors would be integrated into the neoliberal narrative. It is noteworthy that MPS members began to explore the portrayal of the market as an evolutionary phenomenon long before biology displaced physics as the premier science in the modern world-picture. If the market was just an information processor, so too was the gene in its ecological niche. Because of this early commitment, neoliberalism was able to make appreciable inroads into such areas as 'evolutionary psychology', network sociology, animal ethology, and even philosophy (Dan Dennett, Robert Nozick, David Hull, later Popperians). Its greatest success, nevertheless, was in American economics.
- 4) The primary ambition of the neoliberal project is to redefine the shape and functions of the state, *not to destroy it*. Neoliberals thus maintain an uneasy and troubled alliance with their sometimes fellow-travelers, the libertarian anarchists, as illustrated by the Buchanan quote. The contradiction which the neoliberals constantly struggle with is that a strong state can just as easily thwart their program as implement it; hence they are inclined to explore new formats of techno-managerial governance that protect their ideal market from what they perceive as unwarranted political interference. One implication is that democracy, ambivalently endorsed as the appropriate state framework, must in any case be kept relatively impotent, so that citizen initiatives rarely change much of anything. Hence the neoliberals attempt to restructure the state with numerous audit devices (under the sign of 'accountability') or better yet, convert state services to be provided on a contractual basis. However, one should not confuse 'marketization' of government functions with shrinking the state, as Harvey sometimes does: if anything, state bureaucracies have become more unwieldy under neoliberal regimes.

- 5) Skepticism about the lack of control of democracy is offset by the persistent quest for a reliable source of popular legitimacy for the neoliberal market state. Many Neoliberals seek to transcend the intolerable contradiction by treating politics *as if* it were a market, and promoting an economic theory of 'democracy'. For them, there is no separate content of the notion of citizenship other than as customer of state services. This supports the application of neoclassical models to previously 'political' topics; but it also explains why the neoliberal movement must seek to consolidate political power by operating from within the state. In this sense, the Arrow impossibility theorem and social choice theory turns out to be as neoliberal a doctrine as Buchanan's public choice theory.
- 6) Neoliberals extol 'freedom' as trumping all other virtues; but the definition of freedom is recoded and heavily edited within their framework. Freedom is *not* the realization of any political, human or cultural *telos*, but rather the positing of *sui generis* autonomous self-governed individuals, all naturally equipped with a neoclassical version of 'rationality' and motives of ineffable self-interest, striving to improve their lot in life by engaging in market exchange. Harvey thus (p. 184) accuses Amartya Sen of neoliberal tendencies, though perhaps without sufficient documentation. For neoliberals, freedom of thought always must be tempered by freedom of economic endeavor, if not committing outright conflation of the two, particularly when it comes to belief in the 'marketplace of ideas'.
- 7) Neoliberals begin with a presumption that capital has a natural right to flow freely across national boundaries. (The free flow of labor enjoys no similar right.) Since that entails persistent balance of payments problems in a non-autarkic world, neoliberals took the lead in inventing all manner of transnational devices and non-governmental organizations for the economic and political discipline of nation states.
- 8) Neoliberals see inequality of economic resources and political rights not as an unfortunate byproduct of capitalism, but a necessary functional characteristic of their ideal market system. Inequality is not only the natural state of market economies, but it is actually one of its strongest motor forces for progress. The vast worldwide trend towards concentration of incomes and wealth since the 1990s is the playing out of a neoliberal script. This extends to the 'marketplace of ideas' as well: the government is not responsible for a general level of education. People get the knowledge they can afford.
- 9) Corporations can do no wrong, or at least they are not to be blamed if they do. This is one of the starkest areas of divergence from Classical Liberalism. Starting with the Chicago law and economics movement (van Horn, 2007), and then progressively spreading to treatments of entrepreneurs and the 'markets for

- innovation', neoliberals began to argue consistently that not only was monopoly not harmful to the operation of the market, but was an epiphenomenon attributable to the misguided activities of the state. The firm, rightly understood, is merely a nexus of quasi-markets. Thus the modern 're-engineering of the corporation' is itself an artifact of the neoliberal reconceptualization of the corporation.
- 10) The Market (suitably re-engineered and promoted) can always provide solutions to problems seemingly caused by The Market in the first place. Public goods do not, in principle, exist (the 'Coase Theorem'); neither does 'market failure' in liberal welfare theory. This is the ultimate terminus of the constructivist orientation within neoliberalism. Any problem, economic or otherwise, has a 'market' solution, given sufficient ingenuity. Ultimately, fortified intellectual property rights materialize as the *ne plus ultra* of Hayek's vision: since the marketplace is deemed a superior information processor, all human knowledge can only be used to its fullest if it is comprehensively owned and priced. The commercialization of science is therefore the latest installment of the neoliberal agenda. Harvey is therefore right to see a convergence of neoliberalism and postmodernism (p. 42).

If Harvey had set out with a better grasp on these ten points, he would not have committed the numerous solecisms he does in the book, such as assertions that neoliberals make allowances for market failure (p. 67), or that they simply presume perfect information on the part of all agents (p. 68), or that neoliberalism and the neocons are more or less in agreement on fundamental theoretical issues (p. 82). Neoliberals have a much more subtle understanding of their own doctrines than does the modern median neoclassical economist. The latter is still stuck propounding the outdated dichotomy of statism vs. *laissez-faire*. There of course persist substantial theoretical splits within the Right; just as there have been numerous factions and fractious tendencies on the Left. Nevertheless, in the space between an intolerant monolithic doctrine and a cacophonous free-for-all, there is room for understanding the small number of relatively coherent positions which dominate the discourse in current political economy.

The third complaint I have about the Harvey book is of a rather different nature. Much of the terminology throughout the book is Marxist—sometimes Gramscian, other times of a cruder historical materialist variety. I think in many ways this detracts from what might otherwise have been a very effective book to assign to undergraduates who rarely have much opportunity to consider the notion that it is not some faceless monolithic 'economic theory' that underpins much of the political ideas they encounter in the classroom, but rather a very specific and identifiable school of thought, with all its antecedents, conflicts and

contradictions. Simplistic class analyses will turn them off, and in any event, don't actually do much work in explaining the timing and content of neoliberal doctrines. For instance, while there has yet to be written a serious history of the Bank of Sweden Prize in Economic Science, I very much doubt it will be attributed to the class of Swedish corporate heads who "used their control over the Nobel Prize to consolidate neoliberalism within Swedish economic thinking" (p. 113). After all, back then even they felt the need to 'balance' the Prize given to Hayek with one to Myrdal; it is only now that such notions strike us as quaint.

Returning to our own point of departure, the thing that turns out to be most striking about the MPS is the extent to which the neoliberals imagined their ideal market utopia long before there was much in the way of footsoldiers or patrons poised to carry off their revolution. It was not that disgruntled conservative philosophers and corporate movers and shakers knew precisely what sort of political economy would prove to coincide with their interests; rather, they had to be taught what it was they wanted. Here lies a lesson for all explanations rooted in self-interest.

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The Grammar of Society: The Nature and Dynamics of Social Norms, by Cristina Bicchieri. Cambridge and New York: Cambridge University Press 2006, xvi + 260 pp.

In *The Grammar of Society* Cristina Bicchieri presents a rational reconstruction of social norms in terms of preferences and expectations, making a key contribution to our understanding of the motivations behind norm compliance. Bicchieri also introduces a norm-based utility function