Reconfiguring neoliberalism

This chapter charts the dynamics and features of a reconfigured and rejuvenated neoliberalism emerging out of the financial crisis that enveloped most Western countries over the last decade. It expands our prior designation of a neoliberalism 3.0 (Hendrikse and Sidaway 2010) that, we argued, was reworking earlier phases of neoliberalism and a longer history of what Block and Somers (2014) term ‘market fundamentalism’. Our reflections here are offered as a heuristic, rather than definitive statement. We offer the statement, however, in the light of our own research on the aftermaths of crisis from two European sites, a Dutch university (Engelen et al. 2014) and a German city (Hendrikse and Sidaway 2014), whereby public institutions have become tangled up with derivatives and subject to financial markets. We are also mindful of wider questions about the periodization and nature of neoliberalism. Such questions have long been debated, among a range of positions on what neoliberalism is, how we study it, where it is to be found and where it came from. Although some argue that neoliberal accumulation patterns never assumed very stable characteristics, and have been ‘a “plural” set of ideas rather than a singular “pensée unique”’ (Plehwe et al. 2006: 2) and notwithstanding variegated outcomes and extents, neoliberalism might be defined as a programme of resolving problems of, and developing, human society by means of purportedly competitive markets (Patomäki 2009: 431), with financial markets leading the way.

For a moment during the 2007–8 crisis, there was a tendency to talk about neoliberalism in the past tense. But what Crouch (2011) termed The Strange Non-death of Neo-liberalism turned out to be not that strange at all, but a function of neoliberalism’s combined endurance and malleability. We argue that diagnoses envisioning the end of neoliberalism that appeared in the immediate wake of the bailouts accompanying the financial crises mistook the reworking of neoliberalism as an end. Yet in the immediate aftermath of the bailouts and stimulus packages, there was briefly much media, blog, and bulletin board talk about the decline or end of neoliberalism, sometimes anticipating or designating a new Keynesian moment. Reflecting this, the introduction to a valuable set of essays entitled The Rise and Fall of Neo-liberalism: The Collapse of an Economic Order? opens by noting how:
Writing about neoliberalism in 2009 is a challenge. On the one hand, the credit crunch and banking crisis have exposed the fault lines in the neoliberal economic order that has been dominant for the last three decades... On the other hand, the different impacts and implications of the recent economic crises illustrate the diversity in the implementation and embeddedness of neoliberalism in many countries.

(Birch and Mykhnenko 2010: 1)

References to diversity and embeddedness, signifying the scalar unfolding and path dependency of neoliberalism across institutional, national, regional, urban, and local sites, became the starting point of the voluminous geographical literature on neoliberalism. A landmark paper on 'neoliberalizing space' that is invariably cited in this literature did much to encourage attention to detail (Peck and Tickell 2002). That paper identified two broad, successive phases of implementing neoliberalism. Brenner et al. (2010: 182) also discern successive waves of neoliberalization. Arguably, phase 1 comprised the emergence of proto- and implementation of rollback neoliberalism. Proto-neoliberalism was the intellectual project shaped by the likes of Lippmann, Hayek and Friedman (e.g. see Dardot and Laval 2013; Mirowski and Plehwe 2009), which then underwrote rollback, via austerity, monetarism, and privatization, undertaken by Pinochet (through force of arms), Thatcher, Reagan, Lange and their fellow travellers. Subsequently, during phase 2 of rollout neoliberalism:

gradually metamorphosed into more socially interventionist and ameliorative forms, epitomized by the Third-Way contortions of the Clinton and Blair administrations... in which new forms of institution-building and governmental intervention have been licensed within the (broadly defined) neoliberal project. No longer concerned narrowly with the mobilization and extension of markets (and market logics), neoliberalism is increasingly associated with the political foregrounding of new modes of social and penal policy making.

(Peck and Tickell 2002: 388–9)

Thinking of neoliberalism in terms of waves or phases is intriguing. Waves break in circular motion and it might seem that we are experiencing a return to rollback neoliberalism. Simultaneously, there appears to be a new phase, as this wave unfolds within novel settings. While we are mindful of complexity and contingency, it seems worth setting out some theses on where neoliberalism is now going – and taking us.

Natively neoliberal

We posit what has emerged since the crisis might be understood as a neoliberalism 3+. We are aware of references to capitalism 3.0 (Barnes 2006) or even 4.0 (Kaletsky 2010). However, what we describe here is more specific. Our reference to a figure that was coined to refer to the semantic and mobile web, more deeply connecting people, machines, and code, might be taken as a literal reading of Ong’s (2007) description of neoliberalism as a mobile technology. But we draw equally on Rogers’s (2009) characterization of a shift from the digitized to the natively digital that has featured in the evolution of the internet and associated technologies. For Rogers, there is a distinction between the objects, content, devices and environments born in the new medium (natively digital), as opposed to those that have migrated to it (digitized).

In similar terms, neoliberalism 3+ works with an already quite thoroughly neoliberalized space; it substantially extends it and seeks new paths, bonds, appeal, and power. Neoliberalism 3+
is, to adapt Rogers’ words, an emerging shift from the neoliberalized to the natively neoliberal. Neoliberalism 3+ thus reworks and draws on the results of earlier phases of neoliberalism, but has deepened the agenda of applying market solutions shared among the range of neoliberal theories. In our view, on the thorny question of periodization, the incremental transition can be located between the burst of the dot-com bubble in 2000 and the epic unwinding of America’s consumption and real estate boom in 2008. What some anticipated as a return to Keynesianism was piecemeal and turned out to be mostly limited to printing money, rescuing banks, corporations and, more generally, supporting financial assets – bonds, stocks and real estate (Patomäki 2009: 437).

Instead, a reformatted neoliberalism 3+ emerged out of the ashes: with the sobering realization that change implied more of the same. For the core economies in Europe and North America, neoliberalism 3+ has been expressed and unfolds via:

1. **A fiscal crisis of the state**, whereby crises ‘represent a continuation… of neoliberalism as an adaptive regime of socioeconomic governance’ (Springer 2015: 8). The consequences of recession, write downs, and bailouts (accentuating debt) were used to justify sudden and significant cuts to public expenditure on collective goods. Debt crises were forerunners to the development of an earlier phase of neoliberal development policies in the Third World in the 1980s. Debt is again the precursor (Lazzarato 2012, 2015) to neoliberalism 3+. The interpretation of fiscal crises relate to the words and actions of central banks, governments, media and credit rating agencies (Kelly 2001; Sidaway 2008) and the construction of a hegemonic discourse about what can/cannot be afforded (Castree 2010). Such framing became most evident in Europe, but was also central to many state-level strategies in the USA as well as Harper’s government in Canada. A complex reworking of the state–economy relations ensues. Public sector agencies are dismantled and the services they provided are fulfilled by for-profit firms or (frequently corporatized) charities. This may not necessarily reduce state spending in the long term, but it redirects it from public to corporate bodies. These shifts are also invariably and frequently expressed unevenly. In the jargon of geography: they are scaled. They have the longer-term result and means of:

2. **Further marketization of remaining social/state assets**, including – paradoxical as it may at first seem – the troubled banks that were nationalized in emergency moves. This belies the old ideological claim that neoliberalism is a simple case of less state, more market. It is rather the reconfiguring of both, so that they become more thoroughly intermeshed, in part through their subjection to financial logics (Aalbers 2009). In doing so, like the effect of a Trojan virus, political-operating systems can become subsidiaries of the financial system. Indeed, one observer justifiably described this development for which he proposes the term ‘hybrid neoliberalism’:

in which market logic is not only regulated and lightly directed by government, but increasingly incorporated into the sphere of state-run economic activities. This has been made possible through the development of a new role for governments, by taking stakes in key financial firms, have started acting in much the same way as activist investors.

*(Caprotti 2010: 83)*

Notwithstanding his aversion to theory, the French economist Thomas Piketty (2014) has done much to expose the mounting inequality that has accompanied decades of
Neoliberalism version 3+

neoliberalization. Across the Channel, Tom Clark and Anthony Heath (2014) focus on the more recent ‘divisive toll’ of the post-2008 crisis in the UK and USA and, across the Atlantic, Mark Blyth (2013) focuses on the idea and impacts of austerity. However, such startling analyses and empirics (see too Dorling 2015 and Stuckler and Basu 2013) should be read in conjunction with Dardot and Laval’s *The New Way of the World: On Neoliberal Society* (2013, originally published in French in 2009), which offers a major finessing of the cultural–historical–political approach to neoliberalism pioneered by Foucault. To Dardot and Laval neoliberalism encompasses the total transformation of the human subject: we will return to this below. They also argue that, ‘the Market/State opposition is one of the main impediments to an accurate characterization of neo-liberalism’ (ibid.: 5). The range of marketizations hence demands critical scrutiny. In the words of Kean Birch and Matti Siemiatycki (2015: 18) this requires us ‘to consider how and why markets and the state are entangled in new rationalities, instruments and agencies’.

3. **Practices of audit and the rhetoric of accountability and enterprise established during rollout neoliberalism are being modified.** The culture of audit has been integral to rollout neoliberalism, often read as a shift from government to governance (Power 1999, 2007). This is being finessed. For example, the London-based National Endowment for Science Technology and the Arts (see Nesta, n.d.) posited shifts from audit to assurance and how public spending cuts produce creativity or radical efficiency – a policy since embraced by British governments. Beyond such rhetoric of value, however, social costs proliferate while the state, the social, and nature (While *et al.* 2010) are reconfigured. This remoulds subjectivities, for the 3+ variants of neoliberalism further:

> an extension of market logic far beyond the strict boundaries of the market, notably by generating an ‘accountable’ subjectivity by systematically creating competition between individuals. One thinks, in particular, of the generalization of the methods of evaluation derived from enterprise in public education.
>
> *(Dardot and Laval 2013: 14)*

4. **The pursuit of social affinities, rationalities and alliances in support of these strategies.** This was symbolized by Obama’s rhetoric of inclusion and the formal alliance between the Liberal Democrat and Conservative parties that established a new government in the UK in the spring of 2010 (Watkins 2010) that lasted until 2015. Both were symptomatic of wider phenomena, whereby neoliberal capitalism does not simply atomize social life, but, in Konings’s terms, requires the creation of new social connections, cultural affinities and political capacities (2010: 6). A new generation of firms and consultants inhabit this space. As recently as six years ago, Raymond Plant (2010: 270) argued that:

> It may be indeed that there is no stable doctrinal place on the spectrum of political positions for neo-liberalism [since], most of that space is colonized by social democracy with the radical liberalism of Nozick marking a categorical difference at the outer edge.

> Today, however, and arguably more than ever: ‘far from being [merely] an ideology or economic policy, [neoliberalism 3+] is firstly and fundamentally a rationality, and as such tends to structure and organize not only the action of rulers, but also the conduct of the ruled’ *(Dardot and Laval 2013: 4)*.
Such tendencies contain multiple contradictions, posing considerable political challenges. However, they are eased by the fact that organized resistance has generally been at low ebb or takes populist forms that can either be outmanoeuvred or incorporated. Examples of both strategies are evident in responses to the right-wing populism of occasionally influential movements such as the Partij voor de Vrijheid (PVV) in the Netherlands, the Tea Party in the USA and the United Kingdom Independence Party (UKIP). Especially in the interactions of features 1 and 2, moreover, we detect an element of what Klein (2008) termed The Shock Doctrine whereby geopolitical, natural, or economic crises are drawn upon by elites to cash in on chaos and remake societies in ways that favour profit and power. The combination lends credence to Harvey’s (2005a) claim that the neoliberal project is, in substantial measure, about a deepening and reconfiguring of elite power. Thus, the American case, where:

three decades of growing inequality and stagnant wages came to exist in a relationship of mutually reinforcing interaction with neoliberal governmentality. Neoliberalism represents a shift in the modalities and instruments through which the integration of the American middle and working classes into the financial system was effected. This provided financial elites with a world of opportunities.

(Konings 2010: 24)

Since class is partially expressed through race, the racialization of neoliberalism has been visible in the making of the American subprime crisis (Dymski 2010; Wyly et al. 2012; see Dymski et al. 2013). Likewise, Europe’s fraught monetary union has divided the continent in two classes: northern creditors and southern debtors. However, another key way that race, class, state power, and neoliberalization have interacted is through what has been labelled The New Imperialism (Harvey 2005b) – in particular, the American-led wars in Afghanistan and Iraq and associated reconfigurations of militarism, security, development and economy that reworked and rearmed systems and logics from the Cold War (Masco 2014).

5. Hence, there has been a tightening nexus (unleashed since 9/11) of security, geopolitics, nature and neoliberalism. A military-industrial complex is not new (Ledbetter 2011). Nurtured by the neocons, military and security operations themselves were increasingly subject to lucrative contracting out (Singer 2004) during the first decade of the ‘Global War on Terror’. Moreover, a corrupt strand of neoliberal policies was especially evident under conditions of military occupation. While segregation (green zones and forts), theft, and fraud flourished in Afghanistan and Iraq, it bears noting how both occupied countries underwent privatizations. Privatization of security is also mirrored in many other southern cities and enclaves plugged into global markets (Paasche and Sidaway 2010; Paasche et al. 2014; Sidaway 2007; Sidaway et al. 2014). The privatization of security is not only found in the periphery, for security also ‘imbues itself on all social relations and attaches itself to almost all commodities’ (Rigakos 2011: 63). Online, for example, as Edward Snowden’s revelations embody and illustrate, American intelligence agencies established relationships with many firms, in an expanding surveillance grid, further fracturing already blurred distinctions between the public and the private, state, security, and profit (Greenwald 2014). We therefore would contest Paul Amar’s (2013: 239) claims that, in recent years, ‘liberalization was gradually replaced by securitization as the hegemonic project of global governance and of state administration’ by stressing the interconnections between security and neoliberalism. Or, to put this in other terms (following Boy 2015), we stress the linkages between privatized...
and state securitization (in the military–security domain) and financial securitization (the pooling of tangible assets, mortgage payments and other income streams into tradable financial products). The ways in which discourses on planetary security, climate change and market-making intersect around carbon economies are another pathway for neoliberalism (Klein 2015). As Corbera and Martin (2015: 2024) note how:

carbon-offsetting activities constitute a process of commodification through which a given good that formerly existed outside the economy – in this case a tonne of carbon dioxide equivalent (CO₂ₑ) that is not emitted into the atmosphere – enters the world of money, markets and thus of potential speculation and financialisation.

However, we also need to be mindful of a sixth trend that also relates to the grand chessboard of global power, especially the place and roles of Europe and America.

6. While crises since the early 1980s were most evident outside the Atlantic heartland, the most recent phase of crisis had its origins and was felt most acutely in the West (Sidaway 2008). Neoliberalism 3+ therefore also accompanied a sense of shifting geopolitical and geoeconomic power South and East: witness the discourse and claims that were made on behalf of the BRICs (Brazil, Russia, India and China, latterly plus South Africa) as new motors of accumulation (Sidaway 2010). Such shifts are markedly partial and uneven, liable to ebb and flow (Starrs 2014), but there is a widespread sense that they reconfigure relationships among the great powers as well as the geography and meanings of development (Ravallion 2009). Moreover, capital surplus states, such as the petro-sultanates of the Persian Gulf as well as China (whose surplus derives from manufactured exports) that have long played a role in engendering financialization became more central to the global reproduction of capitalism (Hanieh 2011, Hung 2009) in the lead-up to and immediate aftermath of the 2007–8 crisis. Their key roles in recycling and bolstering financial circuits connect these capital surplus states with the trans-Atlantic heartlands of neoliberalism, even though their own ‘internal’ polities may be more hybridized.

Meanwhile, back in the USA, Hayek’s The Road to Serfdom (originally 1944) and Anne Rand’s Atlas Shrugged (originally 1957) enjoyed several years among the bestsellers at Amazon.com. These seductive voices inspired a new wave of vocal conservatism (Foley 2010: 39) whose neoliberal agenda and influence might be obscured by the progressive advances around race, gender, culture and sexuality. Disciples of Hayek long advocated a ‘nightwatchmen’ state in which all but defence, justice, and police were allocated to the market. These too offer rich potential for marketization. Under neoliberalism 3+, therefore, the nightwatcher might become a private security contractor or a joint venture between an intelligence agency and digital service provider. Where security becomes both natively digital and neoliberal, Foucault or Orwell might be better guides to the future than Hayek.

**Reworking and resistance?**

What is in store for the two European cases we cited early in this chapter: a Dutch university and German city that speculated on real estate and complex financial derivatives linked to it? The once-celebrated German model, which oversaw post-war recovery, funded European integration, and represented a variety of capitalism that informed state–economy relations elsewhere, is now deeply challenged. Dutch politics remains fractured, and the fiscal basis for higher
education there uncertain. In Europe, the outcome of progressive political resistance – most notably in Greece, as well as movements like Podemos in Spain (as well as far-right resistance in places like France and the populist right elsewhere) – remains uncertain. Elsewhere, however – in Britain and Ireland, for example – calls for alternative economic strategies were outmanoeuvred and largely defeated. Of course, the post-war British state, it was often said, had the task of the orderly management of decline. That Britain’s geopolitical decline was accompanied by chronic relative economic decline (Coates 2014) produced a few disorders on the way, and fed into the making of earlier phases of neoliberalism there (Davis and Walsh 2015; Needham 2015).

While it has certainly been profitable for some, the jury is still out on how successful these policies were in restoring anything other than phases of further crisis-prone and relatively slow growth or, indeed, halting that relative decline. Contrary to the hopes of many, the great crash of 2008 ended up consolidating neoliberalism. This has been most marked in the eurozone, where goals of a knowledge-based economy became subdued to a finance-centred one, wracked with crisis (Birch and Mykhnenko 2014). But the operating system of neoliberalism 3+ works across a wide variety of polities, articulating with and configured by those that are not (at first glance) thoroughly neoliberal (such as China and the Persian Gulf sultanates). ‘Articulation’ both invokes a literature on how forms or modes of production interface and suggests a more active process than notions of ‘variegation’ invoke. In a related fashion, articulating/articulated neoliberalism has been used to interpret post-socialist contexts in Europe and Asia (Smith 2007; Springer 2008, 2011), though arguably many of these are markedly illiberal (Szelényi 2015). Either way, these articulations are full of imbalances and loaded with geo-economic and geopolitical tensions. In Europe, as elsewhere, future crises, contests and shifts might offer fresh paths to roll up and discard neoliberalism 3+. Equally, however, we face the troubling prospects of neoliberalism’s mutation and further reworking, through collisions with popular demands, contrasting social visions and calamity. Born out of force, the neoliberal age may die with it.

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**Note**

1 We are grateful to Neil Coe for this formulation.

**References**


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