

The essence of neoliberalism

What is neoliberalism? A programme for destroying collective structures which may impede the pure market logic.

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As the dominant discourse would have it, the economic world is a pure and perfect order, implacably unrolling the logic of its predictable consequences, and prompt to repress all violations by the sanctions that it inflicts, either automatically or — more unusually — through the intermediary of its armed extensions, the [International Monetary Fund \(IMF\)](#) and the Organization for [Economic Cooperation and Development \(OECD\)](#) and the policies they impose: reducing labour costs, reducing public expenditures and making work more flexible. Is the dominant discourse right? What if, in reality, this economic order were no more than the implementation of a utopia — the utopia of neoliberalism — thus converted into a *political problem*? One that, with the aid of the economic theory that it proclaims, succeeds in conceiving of itself as the scientific description of reality?

This tutelary theory is a pure mathematical fiction. From the start it has been founded on a formidable abstraction. For, in the name of a narrow and strict conception of rationality as individual rationality, it brackets the economic and social conditions of rational orientations and the economic and social structures that are the condition of their application.

To give the measure of this omission, it is enough to think just of the educational system. Education is never taken into account of *as such* at a time when it plays a determining role in the production of goods and services as in the production of the producers themselves. From this sort of original sin, inscribed in the Walrasian myth (1) of “pure theory”, flow all of the deficiencies and faults of the discipline of economics and the fatal obstinacy with which it attaches itself to the arbitrary opposition which it induces, through its mere existence, between a properly economic logic, based on competition and efficiency, and social logic, which is subject to the rule of fairness.

That said, this “theory” that is desocialised and dehistoricised at its roots has, today more than ever, the means of *making itself true* and empirically verifiable. In effect, neoliberal discourse is not just one discourse among many. Rather, it is a “strong discourse” — the way psychiatric discourse is in an asylum, in Erving Goffman's analysis (2). It is so strong and so hard to combat only because it has on its side all of the forces of a world of relations of forces, a world that it contributes to making what it is. It does this most notably by orienting the economic choices of those who dominate economic relationships. It thus adds its own symbolic force to these relations of forces. In the name of this scientific programme, converted into a plan of political action, an immense *political project* is underway, although its status as such is denied because it appears to be purely negative. This project aims to create the conditions under which the “theory” can be realised and can function: *a programme of the methodical destruction of collectives*.

The movement toward the neoliberal utopia of a pure and perfect market is made possible by

the politics of financial deregulation. And it is achieved through the transformative and, it must be said, *destructive* action of all of the political measures (of which the most recent is the Multilateral Agreement on Investment (MAI), designed to protect foreign corporations and their investments from national states) that aim to *call into question any and all collective structures* that could serve as an obstacle to the logic of the pure market: the nation, whose space to manoeuvre continually decreases; work groups, for example through the individualisation of salaries and of careers as a function of individual competences, with the consequent atomisation of workers; collectives for the defence of the rights of workers, unions, associations, cooperatives; even the family, which loses part of its control over consumption through the constitution of markets by age groups.

The neoliberal programme draws its social power from the political and economic power of those whose interests it expresses: stockholders, financial operators, industrialists, conservative or social-democratic politicians who have been converted to the reassuring layoffs of *laissez-faire*, high-level financial officials eager to impose policies advocating their own extinction because, unlike the managers of firms, they run no risk of having eventually to pay the consequences. Neoliberalism tends on the whole to favour severing the economy from social realities and thereby constructing, in reality, an economic system conforming to its description in pure theory, that is a sort of logical machine that presents itself as a chain of constraints regulating economic agents.

The globalisation of financial markets, when joined with the progress of information technology, ensures an unprecedented mobility of capital. It gives investors concerned with the short-term profitability of their investments the possibility of permanently comparing the profitability of the largest corporations and, in consequence, penalising these firms' relative setbacks. Subjected to this permanent threat, the corporations themselves have to adjust more and more rapidly to the exigencies of the markets, under penalty of "losing the market's confidence", as they say, as well as the support of their stockholders. The latter, anxious to obtain short-term profits, are more and more able to impose their will on managers, using financial directorates to establish the rules under which managers operate and to shape their policies regarding hiring, employment, and wages.

Thus the absolute reign of flexibility is established, with employees being hiring on fixed-term contracts or on a temporary basis and repeated corporate restructurings and, within the firm itself, competition among autonomous divisions as well as among teams forced to perform multiple functions. Finally, this competition is extended to individuals themselves, through the individualisation of the wage relationship: establishment of individual performance objectives, individual performance evaluations, permanent evaluation, individual salary increases or granting of bonuses as a function of competence and of individual merit; individualised career paths; strategies of "delegating responsibility" tending to ensure the self-exploitation of staff who, simple wage labourers in relations of strong hierarchical dependence, are at the same time held responsible for their sales, their products, their branch, their store, etc., as though they were independent contractors. This pressure toward "self-control" extends workers' "involvement" according to the techniques of "participative management" considerably beyond management level. All of these are techniques of rational domination that impose over-involvement in work (and not only among management) and work under emergency or high-stress conditions. And they converge to weaken or abolish collective standards or solidarities (3).

In this way, a Darwinian world emerges — it is the struggle of all against all at all levels of the hierarchy, which finds support through everyone clinging to their job and organisation under conditions of insecurity, suffering, and stress. Without a doubt, the practical establishment of this world of struggle would not succeed so completely without the complicity of all of the *precarious arrangements* that produce insecurity and of the existence of a *reserve army of employees rendered docile by these social processes that make their situations precarious*, as well as by the permanent threat of unemployment. This reserve army exists at all levels of the hierarchy, even at the higher levels, especially among managers. The ultimate foundation of this entire economic order placed under the sign of freedom is in effect the *structural violence* of unemployment, of the insecurity of job tenure and the menace of layoff that it implies. The condition of the “harmonious” functioning of the individualist micro-economic model is a mass phenomenon, the existence of a reserve army of the unemployed.

This structural violence also weighs on what is called the labour contract (wisely rationalised and rendered unreal by the “theory of contracts”). Organisational discourse has never talked as much of trust, co-operation, loyalty, and organisational culture as in an era when adherence to the organisation is obtained at each moment by eliminating all temporal guarantees of employment (three-quarters of hires are for fixed duration, the proportion of temporary employees keeps rising, employment “at will” and the right to fire an individual tend to be freed from any restriction).

Thus we see how the neoliberal utopia tends to embody itself in the reality of a kind of infernal machine, whose necessity imposes itself even upon the rulers. Like the Marxism of an earlier time, with which, in this regard, it has much in common, this utopia evokes powerful belief — the *free trade faith* — not only among those who live off it, such as financiers, the owners and managers of large corporations, etc., but also among those, such as high-level government officials and politicians, who derive their justification for existing from it. For they sanctify the power of markets in the name of economic efficiency, which requires the elimination of administrative or political barriers capable of inconveniencing the owners of capital in their individual quest for the maximisation of individual profit, which has been turned into a model of rationality. They want independent central banks. And they preach the subordination of nation-states to the requirements of economic freedom for the masters of the economy, with the suppression of any regulation of any market, beginning with the labour market, the prohibition of deficits and inflation, the general privatisation of public services, and the reduction of public and social expenses.

Economists may not necessarily share the economic and social interests of the true believers and may have a variety of individual psychic states regarding the economic and social effects of the utopia which they cloak with mathematical reason. Nevertheless, they have enough specific interests in the field of economic science to contribute decisively to the production and reproduction of belief in the neoliberal utopia. Separated from the realities of the economic and social world by their existence and above all by their intellectual formation, which is most frequently purely abstract, bookish, and theoretical, they are particularly inclined to confuse the things of logic with the logic of things.

These economists trust models that they almost never have occasion to submit to the test of experimental verification and are led to look down upon the results of the other historical sciences, in which they do not recognise the purity and crystalline transparency of their

mathematical games, whose true necessity and profound complexity they are often incapable of understanding. They participate and collaborate in a formidable economic and social change. Even if some of its consequences horrify them (they can join the socialist party and give learned counsel to its representatives in the power structure), it cannot displease them because, at the risk of a few failures, imputable to what they sometimes call “speculative bubbles”, it tends to give reality to the ultra-logical utopia (ultra-logical like certain forms of insanity) to which they consecrate their lives.

And yet the world is there, with the immediately visible effects of the implementation of the great neoliberal utopia: not only the poverty of an increasingly large segment of the most economically advanced societies, the extraordinary growth in income differences, the progressive disappearance of autonomous universes of cultural production, such as film, publishing, etc., through the intrusive imposition of commercial values, but also and above all two major trends. First is the destruction of all the collective institutions capable of counteracting the effects of the infernal machine, primarily those of the state, repository of all of the universal values associated with the idea of the *public realm*. Second is the imposition everywhere, in the upper spheres of the economy and the state as at the heart of corporations, of that sort of moral Darwinism that, with the cult of the winner, schooled in higher mathematics and bungee jumping, institutes the struggle of all against all and *cynicism* as the norm of all action and behaviour.

Can it be expected that the extraordinary mass of suffering produced by this sort of political-economic regime will one day serve as the starting point of a movement capable of stopping the race to the abyss? Indeed, we are faced here with an extraordinary paradox. The obstacles encountered on the way to realising the new order of the lone, but free individual are held today to be imputable to rigidities and vestiges. All direct and conscious intervention of whatever kind, at least when it comes from the state, is discredited in advance and thus condemned to efface itself for the benefit of a pure and anonymous mechanism, the market, whose nature as a site where interests are exercised is forgotten. But in reality, what keeps the social order from dissolving into chaos, despite the growing volume of the endangered population, is the continuity or survival of those very institutions and representatives of the old order that is in the process of being dismantled, and all the work of all of the categories of social workers, as well as all the forms of social solidarity, familial or otherwise.

The transition to “liberalism” takes place in an imperceptible manner, like continental drift, thus hiding its effects from view. Its most terrible consequences are those of the long term. These effects themselves are concealed, paradoxically, by the resistance to which this transition is currently giving rise among those who defend the old order by drawing on the resources it contained, on old solidarities, on reserves of social capital that protect an entire portion of the present social order from falling into anomie. This social capital is fated to wither away — although not in the short run — if it is not renewed and reproduced.

But these same forces of “conservation”, which it is too easy to treat as conservative, are also, from another point of view, forces of *resistance* to the establishment of the new order and can become subversive forces. If there is still cause for some hope, it is that forces still exist, both in state institutions and in the orientations of social actors (notably individuals and groups most attached to these institutions, those with a tradition of civil and public service) that, under the appearance of simply defending an order that has disappeared and its corresponding “privileges”

(which is what they will immediately be accused of), will be able to resist the challenge only by working to invent and construct a new social order. One that will not have as its only law the pursuit of egoistic interests and the individual passion for profit and that will make room for collectives oriented toward the *rational pursuit of ends collectively arrived at and collectively ratified*.

How could we not make a special place among these collectives, associations, unions, and parties for the state: the nation-state, or better yet the supranational state — a European state on the way toward a world state — capable of effectively controlling and taxing the profits earned in the financial markets and, above of all, of counteracting the destructive impact that the latter have on the labour market. This could be done with the aid of labour unions by organising the elaboration and defence of the *public interest*. Like it or not, the public interest will never emerge, even at the cost of a few mathematical errors, from the vision of accountants (in an earlier period one would have said of “shopkeepers”) that the new belief system presents as the supreme form of human accomplishment.

(1) Auguste Walras (1800-66), French economist, author of *De la nature de la richesse et de l'origine de la valeur* (“On the Nature of Wealth and on the Origin of Value”) (1848). He was one of the first to attempt to apply mathematics to economic inquiry. [Father of the more famous economist, Leon Walras, one of the founders of marginal theory and general equilibrium.]

(2) Erving Goffman. 1961. *Asylums: Essays on the Social Situation of Mental Patients and Other Inmates*. New York: Aldine de Gruyter.

(3) See the two journal issues devoted to “Nouvelles formes de domination dans le travail” (“New forms of domination in work”), *Actes de la recherche en sciences sociales*, nos. 114, September 1996, and 115, December 1996, especially the introduction by Gabrielle Balazs and Michel Pialoux, “Crise du travail et crise du politique” [Work crisis and political crisis], no. 114: p.3-4.