Neoliberalizing states: thin policies/hard outcomes

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I Introduction

This progress report examines the discursive and structural conditions surrounding the production of public policy within a restructured and increasingly neoliberalized system. As such, it is less concerned with the evaluation of public policies within their own terms of reference than with the political-economic contexts in which they are formulated, their resultant ‘macro’ configuration, and the codification of ‘policy problems’ that they imply. Increasingly, this macro context is dominated by various strands of neoliberal conviction politics, which assert that the fiercely competitive economic environment abroad, coupled with deep-seated social problems at home, leave ‘no alternative’ to a course of deregulation, marketization, privatization, and public asset-stripping. The doses do vary, but, never mind what it says on the bottle, the basic treatment is pretty much the same: purge the system of obstacles to the functioning of ‘free markets’; restrain public expenditure and any form of collective initiative; celebrate the virtues of individualism, competitiveness, and economic self-sufficiency; abolish or weaken social transfer programs while actively fostering the ‘inclusion’ of the poor and marginalized into the labor market, on the market’s terms.

This neoliberal policy prescription is predicated on a vision of naturalized market relations. Rhetorically at least, it is as if all that is required for the optimization of economic efficiency and individual freedom is for the overbearing ‘nanny’ state to get out of the way. At the same time, ‘deregulationist’ states are often impelled to adopt strikingly interventionist measures in order to mobilize or manufacture ‘markets’ where previously competitive forces were weak or absent. In fields like labor
or environmental policy, or in the regulation of privatized industries, states are increasingly adopting the role of market ‘manager’. Somewhat paradoxically, then, the embrace of neoliberalism leads states to denigrate their own capacities and potentialities, to restructure and cut themselves, to engineer their own ‘reform’ and downsizing. In this case, the quack doctors with a universal cure are applying the leeches to themselves.

Analytically, neoliberalism presents a problem because in some respects it is everywhere and nowhere at the same time. Its concrete geographical associations with the ‘Washington consensus’ and ‘Chicago School’ economics give clues to some of the more important spatial anchoring points, but much of the power of neoliberalism stems from the way in which it structures the wider ‘policy environment’ – of programmatic conventions, (perceived) external constraints, and received understandings of what the World Bank, the credit rating agencies, or the ‘markets’ will bear. There is, consequently, a strong sense in which the spaces of the state – those which it makes and those which it inhabits – have been neoliberalized in a deep but often implicit way. Naturally, then, critical assessments of neoliberalism have tended to focus on its more concrete manifestations, either as institutional projects (such as the reform programs associated with Thatcher and Reagan) or as a set of tangible external rules (such as in structural adjustment programs). Increasingly, however, work in (and around) human geography is beginning to probe the macro-political, contextual and inter-institutional logics of neoliberalism. This is the focus of the review here, which begins with some comments on the neoliberalization of state space (section II), before moving on to consider what this tells us about, first, the changing nature and location of state boundaries (section III), and, second, the internal reorganization of state capacities and networks (section IV).

II State spaces

A recent revival in state-theoretic concerns within human geography has seen the deeper political-economic context of the ‘policy-making process’ attracting heightened attention, not least from those seeking to understand the complex restructuring of the national state in the face of ‘globalization’ and ‘localization’. The concern in this work is to tease out the wider implications of complex changes in the practical and ideological strategies, organizational and normative structures, and political-economic and sociological situation of the state under conditions of accelerated neoliberal restructuring. There are a number of distinctive features of public policy-making in this neoliberalized environment, many of which are confused – deliberately or otherwise – with preordained or inevitable forms of state restructuring and policy change (when they are, of course, nothing of the sort). First, for all the rhetoric about choice and opportunity, the range of politically legitimate options in public policy seems to be narrowing rather than widening. Macro-economic and industrial policies, for example, the bread-and-butter issues of the Keynesian-welfarist era, are effectively deemed out of bounds, while tax policies seem increasingly to be adjustable in only one (regressive) direction. Moreover, the substantive practical and political orientation of policy programs in most wealthy countries has tended increasingly toward the sectional concerns of the middle classes. Second, as national states have ceded effective control
of demand-side economic policy to ‘the markets’, increased emphasis has been placed on securing appropriate supply-side conditions for economic competitiveness; hence the widespread concern with flexibilizing labor markets, developing and rewarding human capital and entrepreneurship, and maintaining a ‘good business environment’. This means that a neoliberal state is not necessarily a less interventionist state; rather, it organizes and rationalizes its interventions in different ways.

Third, this very particular and politically constructed policy configuration – for all its pervasive normalization in orthodox globalization narratives and transnational policy programs – gives license to a set of dominant strategies for state reorganization and reform, rooted in the image of the ‘hollowed out’ minimalist state. Yet rather than a straightforward diminution of state capacities, or indeed a reduction in the ‘size’ of the national state, this ‘hollowing out’ process typically entails a simultaneous roll-back and roll-out of state functions. Moreover, what is being ‘hollowed out’ here is not the state per se but a historically and geographical specific institutionalization of the state, which in turn is being replaced, not by fresh air and free markets, but by a reorganized state apparatus. Fourth, this multifaceted process of state restructuring and remaking involves complex changes in the relations between different levels/scales and branches/departments of the state apparatus, such that the relationship between the form and functions of the state is often altered in quite fundamental ways. The process of ‘devolution’, for example, is hardly ever a matter simply for resiting and rescaling institutions from the national to the local level, but typically also involves a host of non-zero-sum changes in regulatory responsibilities, administrative capacities, financial control, political power and so forth, such that the effective functions, not to mention the specific effects, of policies tend to change along with their ‘relocation’. So, the appropriate analytical question to ask, in instances of neoliberal ‘downloading’ of policy responsibilities, is not the extent to which the national state has somehow become ‘less’ powerful in the process, but how it has become differently powerful. Hence the need to see ‘hollowing out’ as a qualitative process of state restructuring, not as a quantitative process of state erosion or diminution.

It is important to recognize that these different moments and aspects of the contemporary state restructuring process are, above all, political phenomena. As such, they should be understood as part of a wider and deeper, and indeed even hegemonic, process of neoliberalization. Contrary to the impression fostered by some globalization ideologues, with its fuzzy echoes in so much Third Way discourse, these developments are not naturally occurring, inevitable consequences of ‘the way the world works’. Instead, they are part of a sustained political project which is explicitly concerned to normalize and naturalize conditions such as free trade, flexible labor, public-sector austerity, and low inflation. It is no coincidence that there have been attempts to establish these (pre)conditions as the taken-for-granted point of departure for mainstream policy formulation, for they effectively lock in key structural features of the neoliberal ‘settlement’. The resultant policy debate is often a sterile and narrow one, for it renders so many fundamental policy questions effectively beyond the scope of discussion or outside the ‘field of the visible’ – truncated discussions of economic policy, and especially macro-economic policy, being a case in point (for discussion, see Callinicos, 1999; Froud et al., 1999; Gamble, 1999; Hay, 1999; Sunley, 1999; Bluestone and Harrison, 2000).

These strategically selective silences and carefully constructed closures in neoliberal
policy discourse should not blind us, of course, to their often far-reaching political, economic and social consequences. Indeed, the fact that some policy positions are taken for granted and naturalized may render them even more potent, while their distributional consequences may, by the same token, also be naturalized. Examples here include the manner in which the US Federal Reserve and the Bank of England operate interest-rate policies, which has highly uneven consequences, both socially and geographically: so, manufacturing job losses in the north of England are justified as a ‘price worth paying’ to control inflation in London and the South East, while, when Alan Greenspan ‘succeeds’ in getting the US unemployment rate to flicker upwards (with the same underlying policy objective in mind), joblessness among African–Americans rises at no less than twice the rate of that among white workers. Interest-rate policies are, in a real sense, redistributive social policies, when viewed from this perspective, and forms of policy analysis which fail to get beneath the surface representations tend often to miss this. Hence the importance of excavating the macro logic’s and illogics of the policymaking process – to get beneath the skin of the neoliberal offensive.

In this sense, as in so many others, neoliberalism shares with globalization rhetoric a certain ethereal quality, discursively placing issues like deficit reduction and trade policy (apparently) beyond the reach of day-to-day policy debate and political struggle. Ironically, this neoliberal regulatory fix may be more difficult to pin down – to define, deconstruct, and delineate – in its own backyard than in instances where it assumes a more palpable political form as an external ‘threat’ or imposition. So, some of the most compelling analyses of neoliberalism are being developed outside (and against) the ‘Washington consensus’ looking in, from locations like South Africa and East Asia (see Weiss, 1998; 1999; Glassman, 1999; Peet and Hartwick, 1999; Bond, 2000). From a development perspective, Peet and Hartwick summarize the neoliberal policy fix that is the Washington consensus in the following way:

- **Fiscal discipline**: the effective capping of government budget deficits.
- **Public expenditure priorities**: should focus on supply-side investments not on social amelioration or progressive redistribution.
- **Tax reform**: rates should be held down and incentives sharpened.
- **Financial liberalization**: interest rates and capital flows should be market determined.
- **Exchange rates**: rates should be sufficiently competitive to induce rapid growth in nontraditional exports.
- **Trade liberalization**: quantitative restrictions on imports should be removed.
- **Foreign direct investment**: barriers to the entry of foreign firms should be abolished.
- **Privatization**: state enterprises should be returned to private ownership.
- **Deregulation**: governments should abolish regulations restricting competition.
- **Property rights**: legal systems should ensure property rights without excessive costs (Peet and Hartwick, 1999: 52).

Crucially, these neoliberal prescriptions are often elided with, or relabeled as, ‘imperatives of globalization’. As such, they are more likely to be perceived as economically derived rather than politically constructed/mediated pressures. For Beck (2000: 122) neoliberalism is a form of ‘high politics which presents itself as completely non-political’. The deep neoliberalization of the macro policy environment which has accompanied, and indeed has been partly achieved through, the intensification of
globalization and globalization-speak can present problems for conventional forms of ‘policy analysis’. Typically, these are confined to the evaluation of state(d) aims, objectives, and ‘outcomes’, rather than excavating the underlying parameters, ideological orientations, and conspicuous silences of the policy-making process. While sometimes analytically perplexing, these latter issues of pretext and subtext in the policy-making process are beginning to receive increased attention in human geography and in the linked realms of political sociology and international political economy, particularly on the part of those concerned to investigate the myriad boundary skirmishes, turf disputes, and institutional struggles that are characteristic of state restructuring processes. One of the strengths of this work is that it conveys an understanding of the state, not as some lumbering bureaucratic monolith but as a (political) process in motion.

III State edges

In the neoliberal imaginary, the frontiers of the state are subject to a relentless process of ‘rolling back’, in order to liberate those hitherto stifled market forces of the (historically and politically privileged) extra-state space beyond. A growing body of work in human geography has been concerned to critique, unpack, and reconceptualize this neoliberal vision of the shrinking state as an alien presence in an otherwise equilibrating economy (see, especially, Brenner, 1999a; 1999b; Cameron and Palan, 1999; Glassman, 1999; MacLeod and Goodwin, 1999a; 1999b). Much of this work has sought to counter dominant conceptions of globalization-cum-neoliberalization as ‘out there’ phenomena, as something which is happening to national states, severely limiting/channeling their policy options right down to the usual stew of supply-side intervention, competitiveness narratives, and moralistic individualism. Of course, the generalized structural conditions of neoliberal globalism – or, more specifically, trade liberalization, instability in financial markets, intensifying cross-border economic relationships, the under-regulation of e-commerce, de-unionization and the extended commodification of labor, and so forth – do not (pre)determine the specific policy responses of individual national states. Rather, these policy responses are politically filtered, and inevitably negotiated, tweaked and struggled over, at the level of the national state (and indeed at other scales too). In contrast to the script of state powerlessness, governmental intervention and public spending may actually be stepped up in some areas (notably, the micro-management of the poor through such means as ‘welfare reform’/workfare programming, immigration controls and the management of undocumented workers, incarceration and criminal justice, labor market flexibility initiatives, etc.), just as it is reduced or reorganized in others (notably, industrial and macro-economic policies, public infrastructure investment, and needs-based collective service delivery).

This broadly neoliberal policy orientation holds far-reaching implications for the institutional form and policy functions of the national state, for the restructuring of social citizenship rights, and for social-distributonal ‘outcomes’ (see Esping-Andersen, 1999; Jessop, 1999; O’Connor et al., 1999; Sainsbury, 1999; Torfing, 1999; Beck, 2000). More fundamentally still, the rise of neoliberal globalism may be linked in a nontrivial way to changes in the relationship between capitalism and liberal democracy. As Cammack has observed, there seems to be a generalized shift away from the long-established ideal-typical form of this relationship, which:

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combined management of both economic development and social provision by the state with a political system arising out of civil society and remaining largely autonomous (a liberal polity, in other words, in a socio-economic framework managed by the state). In a future structured by globalization the ideal-typical pattern will be the reverse: an economic and social system shaped by liberal economic forces operating at a global level which states have limited capacity to resist, and a political system managed by the state in order to mitigate the consequences of global economic liberalism (a liberal economy, in other words, in a political framework managed by the state). States will take a more direct role in the management of their citizens, in order to compensate for their increasing inability to manage the broader social and political environment (1998: 250).

The ‘external’ orientation of states is consequently intimately related to their ‘interior’ relations. Geographical research, in particular, has drawn attention to the way in which contemporary state restructuring processes are deeply implicated in – and indeed partly achieved through – complex rescalings of the state apparatus, governance systems, and regulatory regimes (see Anderson and O’Dowd, 1999; Brenner, 1999a; Collinge, 1999; Glassman, 1999; Jones and MacLeod, 1999; MacLeod and Goodwin, 1999b; Silvern, 1999). A central theme in many of these discussions is that, despite its discursive self-abasement, the national state remains absolutely pivotal to the rescaling process. It is now widely argued, moreover, that the old notion of national states as ‘containers’, linked relatively unproblematically with territorially bounded chunks of space and an associated set of territorially bounded social processes, is both theoretically and politically defunct. This does not mean that territoriality itself is somehow less relevant, but rather than a more complex set of territorialization processes are at work in, around, and through the national state. As Brenner (1999a: 53) explains, ‘[processes of territorialization remain endemic to capitalism, but today they are jumping at once above, below and around the national scale upon which they converged throughout much of the last century. Consequently, state territoriality operates less as an isomorphic, self enclosed block of absolute space than as a polymorphic institutional mosaic composed of multiple, partially overlapping levels that are neither congruent, contiguous, nor coextensive with one another’.

IV State insides

Concomitantly, the complex rescaling of the state and the associated transgression of state boundaries has been linked to an equally far-reaching reorganization of the internal spaces of the state. Perhaps it is the case, as Cameron and Palan (1999: 272) argue, that the state ‘has always been a fundamentally reflexive form of social organization’, but equally, the current moment of neoliberal restructuring does seem to be associated with a distinctive and particularly intense form of state reflexivity. This opens up a host of intriguing questions concerning, inter alia, the state’s internal contours and fissures; the nature of its internalization of, and dynamic responses to, neoliberal globalism; and the various currents and counter-currents of reform/restructuring politics both within the state ‘proper’ and within its extensive (and increasingly blurred) penumbra or governance networks and regulatory relations. Recently, this has been the focus of some of the most penetrating and creative geographical research.

Neoliberal globalism is not simply an external phenomenon, located somewhere ‘outside’ the national state; it is also very much ‘inside’ the national state, being at the same time an explicit political project and a source of dynamism and contradiction. This is evident in Glassman’s (1999) analysis of the Thai state as a simultaneously interna-
tionalized and internationalizing agent, in Herbert’s (1999) examination of international policing and cybercrime, and in Cameron and Palan’s (1999) conceptual remapping of contemporary state/economy relations. If neoliberal globalism is in some respects a creature of the state system, however, the form that this takes is highly variable and particularized. A striking feature of many recent studies is how they utilize often quite intricate empirical analyses of ‘internal’ state projects and political struggles in the service of these more general theoretical arguments. Glassman (1999), for example, reveals that close to 40% of the civil service elite in Thailand received higher degrees from western universities, pointing to some of the distinctly social processes involved in policy learning and transfer among this internationalized cadre of like-minded technocrats. This opens up important issues around the social reproduction of neoliberal hegemony, given the apparent importance of certain networks, channels, and circuits which typically pass through the state without in any sense being bounded by it. Free-trade guru, Jagdish Bhagwati, who has spent many years moving in such circles himself, portrays the neoliberal elite as a distinctly inter-institutional phenomenon:

Wall Street’s financial firms have an obvious financial interest in a world of free capital mobility since it only enlarges the arena in which to make money. It is not surprising, therefore, that Wall Street has put its powerful oar into the turbulent waters of Washington political lobbying to steer in this direction . . . Wall Street has exceptional clout with Washington for the simple reason that there is, in the sense of a power elite à la C. Wright Mills, a definite network of like-minded luminaries among the powerful institutions – Wall Street, the Treasury Department, the State Department, the IMF, and the World Bank most prominent among them . . . This powerful network, which may aptly, if loosely, be called the Wall Street-Treasury complex (1998: 12).

Likewise, for Jones (1999) and for Clark and Root (1999), the state is very much a porous and ‘peopled’ organization (rather than an insulated domain of anonymous ‘policy-makers’ and authorless policy conventions), in which the success or failure of individual reform projects is very much a matter of micro-political struggle, as well as reflecting wider, more ‘structural’ imperatives. There is surely scope to generate important insights from such ethnographies of the state, its agents, and their associated practices – and more generally from the kind of critically engaged ‘policy analysis’ which brings researchers and policy actors close enough together to see the whites of the eyes (see Peck, 1999).

A parallel concern with the politics, and more specifically the limits and possibilities, of intra-state projects is evident in the exchange between Amin (1999) and Lovering (1999) on the ‘new regionalism’ in Europe (see also Barnes and Gertler, 1999). On the one hand, Amin (1999) detects progressive openings in emergent forms of bottom-up regionalism, particularly where these are concerned with mobilizing social economies, deepening and democratizing local institutional capacities, and developing the potential for social learning and economic ‘associativity’, though he stresses that these developments are partly dependent on the presence of a conducive macro-regulatory framework and a reflationary macro-economic posture. This crucially important caveat means that the question of how far these local initiatives can prosper in the context of neoliberalized macro and inter-regional relations remains an open, and somewhat controversial, one. This is one of the sources of Lovering’s (1999) concerns, who sees little realistic prospect for a regionally orchestrated ‘race to the top’, lamenting what he sees as a slippage between political opportunism and theoretical justification in ‘vulgar’ variants of the new regionalism. Likewise, the question whether state devolution presents genuine opportunities for subnational political agency and bottom-up policy
development, or, alternatively, whether it is just another form of ‘downloading’ in which all that is devolved is risk and responsibility, continues to be a divisive one across a number of policy fields (see Amin et al., 1999; Atkinson, 1999; Clark, 1999; Das, 1999; Leibovitz, 1999; Lockie, 1999; Schram and Beer, 1999; Silvern, 1999; Théret, 1999).

In reality, ‘devolution’ can be a signifier for a wide array of inter-scalar shifts – in resources, personnel, institutional capacities, delivery systems, governance arrangements and so forth. These may, or may not, add up to a ‘real’ transfer of (national) state power. In fact, in its neoliberal guise, devolution usually exhibits a ‘thin’ form, by way of dispersal ‘out’ to markets and/or delegation ‘down’ to local agencies, while powers of institutional coordination and ideological control remain firmly located (albeit in a restructured form) at the center. As Herbert (1999: 167,168) persuasively demonstrates in the case of community policing and private security functions, both of which are often regarded as indicative of the retreat and/or weakening of public policing functions, ‘these potential challenges to state authority if anything work to enhance the state’s power to locate and monitor the citizenry . . . [W]hat endures is a state-sponsored crime control apparatus of impressive scope and capacity’. Similar conclusions are drawn from Parenti’s (1999) powerful indictment of the ‘criminal justice industrial complex’ in the United States. Indeed, most if not all of the policy apparatuses concerned with regulating the poor (or, more generally, ‘managing the citizenry’, in Cammack’s terms) seem positively sturdy – and often aggressively so – in this era of supposedly weak states (for a range of different perspectives, see Harris and Curtis, 1998; Bauman, 1999; Crush, 1999; Haworth and Manzi, 1999; Heyman, 1999; Matthews et al., 1999; Speak and Graham, 1999; Theodore and Peck, 1999; Tomlinson, 1999).

The fact that many of these individual policy interventions are ineffective in their own (local) terms seems almost beside the point. In a neoliberalized ‘fast policy’ regime, what seems to matter most is that there is always another local ‘solution’ over the horizon to emulate – be this New York-style policing or Wisconsin-style workfare programming. One of the emergent macro features of neoliberalized policy environments, apparently, is the accelerating turnover time of policies themselves, as a sharpened external orientation on the part of local and national states, coupled with the technocratic lubrication of channels for ‘policy transfer’ and ‘policy learning’, means that a dynamic of almost perpetual reform is generated (see Jessop and Peck, 1999). Neoliberal political objectives tend to be well served in this slippery policy space, in which reform pressures are endemic and the ground is constantly moving under the feet of those who would seek to resist the direction of policy. By accident or design, neoliberal policy programs seem to be especially effective in undermining potential sources of political opposition. Under neoliberalism, the devolution of delivery systems and the continued churning of policy strategies tends to (over)stretch the capacities and diffuse the energy of oppositional movements, rather than opening up the space for more progressive local initiatives.

As postwar social settlements continue to unravel, and as both the general politics and the specific policies of social redistribution are abandoned, it may indeed be the case that a new macro-policy configuration is emerging in the resultant vacuum. As neoliberal economic policies and programs of labor market ‘deregulation’ not only permit but positively promote income inequality, unstable work and underemployment, so a barrage of brutally complementary social control and economic inclusion
policies serve minimally to underwrite the basic reproduction needs of those marooned on the margins of social, economic, and political life. In place of redistribution by way of income transfer programs, progressive taxation, and social service delivery is a regressive regime in which the working poor are trapped between unemployment and dead-end service jobs, indirectly ‘funded’ by the discretionary expenditures of the cash-rich but time-poor middle class. Perhaps this is why Third Way politics seems so concerned with the needs and aspirations of the middle classes (the ‘fortunate forty percent’ in Hutton’s (1999) terms), while applying ‘corrective’ and disciplinary measures to the less fortunate masses of contingent workers and the socially excluded?

Linking these aspects of the story together in a very revealing way, Cameron and Palan (1999: 284) explain that, ‘[t]he task of the state with regard to [the latter] such groups is either to “reintegrate” them into the private economy as though they had somehow departed from it, or to confine them within “local” enclaves’. The politics of this process are not pretty, but at a very crude level they seem to be working at the moment. Its underlying economics, however, look extremely fragile. The unprecedented economic boom in the United States has conferred a degree of legitimacy on neoliberal strategies which Bluestone and Harrison (2000), among others, insist they do not deserve. Systemic financial instability, entrenched social inequality and chronic underinvestment in social, economic and physical infrastructures render this political-economic ‘settlement’ a highly precarious one. What should happen if a stock market ‘adjustment’ or some generalized economic slowdown causes the middle classes to downsize their own private service economies of nannies, restaurant workers and pet manicurists? The prospect of such a ‘services recession’ is especially alarming in light of the fact that the vulnerable classes no longer have a safety net to fall into. As Froud et al. (1999: 165) conclude in the case of Britain, ‘Blair must hope that the fortunate forty percent realize that their civic duty in the coming downturn is to keep on eating out’.

Acknowledgement

I am very grateful for comments and suggestions from Angus Cameron, Gordon Clark, Peter Dicken, Scott Salmon, and Kevin Ward.

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