

# Antipode

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## *Book Review Symposium*

**Philip Mirowski**, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, New York: Verso, 2013. ISBN: 9781781680797 (cloth); ISBN: 9781781683033 (ebook); ISBN: 9781781683026 (paper)

### **How to change the world by taking power...and how to keep it**

With apologies to John Holloway, the title of this review reflects what is one of Philip Mirowski's key aims in this tome on crisis and neoliberalism: to demonstrate why and how, contrary to reports of its imminent demise, neoliberalism survived the recent minority-world financial crises and subsequent recessions not only unscathed, but fortified—and the role of the mainstream economics profession in this fortification. The book has both important strengths and not insignificant weaknesses. What I want to suggest is that Mirowski's rather partial and incomplete theory of power and power relations in society hampers his ability to fully exploit the insights gleaned from his excavation of the subterranean connections between the economics profession, finance capital, the state, and neoliberalism.

First a caveat: I am not an expert on either neoliberalism or the financial crisis. I have read or seen only a handful of the many, *many* accounts that have proliferated since 2008. My research has been on the financialisation, individualisation, and privatisation of pensions, and on critical approaches to behavioural economics, and on these issues I agree with most of what Mirowski has to say (more on this below). I am also interested in questions of labour market change and inequality, which this book addresses only briefly, and social reproduction, which it does not really address at all. All of this means that I can only take Mirowski's book at face value when he critiques, dismisses or advocates particular takes on the financial crisis; conversely,

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though, I am quite well positioned to reflect on its relevance and utility to those of us who, in our research and praxis, seek to explore, analyse, and oppose both capitalist oppression and exploitation and specific dimensions and processes of neoliberalisation. This review will thus centre on the latter aim, rather than assessing Mirowski's statements about the superiority of his account relative to others; and will focus on Mirowski's broader epistemological claims, rather than the detail of his account of different moments in the unfolding of the financial crisis in the US.

What Mirowski does very well in this book is make the case for the existence of a neoliberal political project, grounded in novel and highly successful organisational structures that marry individual personalities and doctrines with a disciplined and hierarchical approach to the production and dissemination of knowledge—and, as Mirowski claims, of ignorance and confusion (which he distinguishes from propaganda). This is not entirely novel; others like Jamie Peck have also explored the interlocking worlds of economics departments, think tanks, levels of government and fractions of capital<sup>1</sup>. But Mirowski goes further. The goal and strategy of the founders of this project, and those responsible for its varied institutionalisation, was nothing less than “redefining the place of knowledge in society” (p.49). This is the nub of his two-part argument: that the neoliberal project has strengthened its ideological stranglehold on political and economic discourse by creating novel levers for controlling the relationships between power, knowledge and ignorance; and that economists have played a central role in this. Thus Mirowski clearly elaborates the role of orthodox economists and the mainstream of the academic discipline (particularly in the US) in the formulation and dissemination of neoliberal policy, and is excoriating about their culpability in relation to the dissemination of misinformation and ‘noise’ in the immediate aftermath of the banking crisis in the US.

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1 Jamie Peck, *Constructions of Neoliberal Reason*, Oxford: Oxford University Press, 2010.

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Why did they do it though? What does the ‘Neoliberal Thought Collective’ (NTC), as Mirowski calls it, *want*? He describes the NTC as “a flexible canopy tailored with an eye to accommodating established relations of power in academia, politics, and society at large” (p.47). He goes on to describe George Stigler’s way of defining the NTC’s role in what Stigler saw as an intellectual marketplace of ideas: “it was to capture the minds of crucial elites by innovating new economic and political doctrines that those elites would recognize as being in their interest once they were introduced to them...” (p.77). The NTC was thus for Stigler “the executive committee of the *capitalist insurgency*” (*ibid.*, emphasis added). Mirowski identifies some key intellectual tenets of the program the NTC sought, through its ‘Russian doll’ structure and goal of occupying (rather than eliminating) government, to enact: concepts of spontaneous order and the market as a superior information processor; the idea that ignorance promotes social order; the dissociation of individual and political freedoms; and (in direct contradiction to ideas of spontaneous order) the notion that the conditions of existence for the neoliberal ‘good society’ must be constructed.

In elaborating these tenets Mirowski traces a variety of connections between the project to ‘naturalise’ the market and the extension of logics that arrive inexorably at individualist, competitive, inegalitarian, and undemocratic models for understanding not only how society works, but also how it *should work*. This includes the enfolding of natural science metaphors into neoliberalism’s conceptual and ideological mix. “Poor, unwitting animals turn out to maximize everything under the sun just like neoclassical economic agents, and cognitive science ‘neuroeconomics’ models treat neurons as market participants”, Mirowski writes (p.55). Not only do natural science metaphors enter into neoliberal discourse, however; models that presuppose markets and utility-maximising behaviour travel the other way and colonise the scientific imaginary. “I would say that neuroeconomics is about 90 percent neuroscience and 10 percent economists... We’ve taken a lot of mathematical models from economics to help describe what we see happening in the brain. But

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economists have been a lot slower to use any of our ideas”, complained Colin Camerer, the Robert Kirby Professor of Behavioural Finance and Economics at Caltech, in 2012<sup>2</sup>. That Camerer is a Chicago-trained economist raises the distinct possibility that his disgruntlement is simply at the slowness of the spread of neuroeconomics, rather than caused by any fundamental conflict between neoclassical- and neuro-economics; indeed, most contemporary neuroeconomic research is firmly rooted in neoclassical tenets such as utility maximisation (as a 2011 review by Robert Shiller inadvertently demonstrates<sup>3</sup>).

Neuroscience is travelling in fascinating ways. Examples from the world of think tanks seem to entirely support Mirowski’s thesis that ‘cutting-edge’ knowledge of this type is being deployed to support the status quo, for example in relation to climate change policy. In 2010 the Garrison Institute, a quite strange American charitable foundation that seeks to marry meditation and new age spirituality with neoliberal ideologies (its Chair is an executive management consultant and ‘industry thought leader’, as recognised by the Brookings Institute), commissioned a report on *Behavioral Economics, Neuroeconomics, and Climate Change Policy*<sup>4</sup>. The report focused entirely on individual behaviour and adaptation, without at all addressing the role of firms or industry. “The increasing scepticism of leading environmental economists as to the usefulness of standard [economic] theory has also led naturally to a questioning of the role of markets in solving environmental problems” its author, John Gowdy writes (p.15). He then turns his back on this scepticism, however: “It

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2 Quoted in Josh Fischman, ‘The marketplace in your brain’, *The Chronicle of Higher Education* 24 September 2012 <http://chronicle.com/article/The-Marketplace-in-Your-Brain/134524/> (last accessed 25 September 2013).

3 See Robert Shiller, ‘The neuroeconomics revolution’, *Project Syndicate*, 21 November 2011 <http://www.project-syndicate.org/commentary/the-neuroeconomics-revolution> (last accessed 20 September 2013).

4 John Gowdy, *Behavioral Economics, Neuroeconomics, and Climate Change Policy*. Garrison: The Garrison Institute, 2010.

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turns out that how people discount the future is one of the central questions that behavioral economists and neuroscientists are beginning to answer. How people discount the future is perhaps the most important ethical question in the climate policy debate” (Gowdy, p.16). This proves a direct segue into a long discussion of game theory, and recommendations for future possible Garrison Institute initiatives such as “Linking neuro-economics and behavioral economics - the evolutionary basis for human behavior to climate change policy” and “The role of behavior and institutions in adaptation to climate change by the world’s poorest ” (Gowdy, p.39).

The myriad ways in which markets are being naturalised are explained at some length and well documented by Mirowski, even if he tends to hyperbolic language (With Lots of Capitals) and long lists, but it is difficult to get a clear sense of the larger logics at work. What are the specific links between members of the NTC, the layers of its organisational structure, the economics profession, fractions of capital, and the state? Mirowski demonstrates that Hayek, Friedman and others who founded the Mont Pèlerin Society had a deeply ideological but flexible vision of a ‘good society’, but it is the relationship of this vision to existing and evolving structures of socio-political and economic power—captured in the idea of a ‘capitalist insurgency’ that is posed, but never elaborated, by Mirowski—that is key.

The exchanges went, and still go, both ways. Doctrines of the innate superiority of capitalist markets, of individualisation and the normalisation of distributive inequality, and of the disposability of democratic processes and institutions<sup>5</sup> served the interests of capital, in particular finance capital. This normalisation continues apace: witness Tyler Cowen’s newest book *Average is Over*, which paints increasing economic and social inequality as inevitable<sup>6</sup>, and which even

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5 See, for example, Wolfgang Streeck, ‘The crises of democratic capitalism’, *New Left Review*, 71:5-27, 2011.

6 Tyler Cowen, *Average Is Over: Powering America Beyond the Age of the Great Stagnation*, New York: Penguin, 2013.

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*The Economist* suggests is “too sanguine about the politics of polarisation”<sup>7</sup>. At the same time, elites outside the NTC reciprocated by fêting and generously funding it, bringing figures like Hayek in from the cold and elevating many of them to the heart of the state-capital nexus. Mirowski critiques David Harvey, for example, for reducing neoliberalism to class struggle but Mirowski operates without a theory of power, which leaves a vacuum at the centre of his account. Or perhaps more accurately, because he writes at length, and convincingly, about the corruption of mainstream economics, the operation of disciplinary power and deliberate strategies to foster ignorance, misinformation and control, he doesn’t have a *material* conception of power that convincingly disaggregates means and ends.

This is interesting to note, because he criticises others for similar connotations. Moreover, his arguments share certain epistemological similarities with the likes of Foucault: he does not, for example, define how he understands markets or ‘the market’. He critiques neoliberal (superior information processor) and orthodox (optimal allocation device) conceptions, yet refers back to the market as a locus of truth/knowledge. Discussing the government response to the 2008 financial crisis in the US, Mirowski writes: “When markets judged the prospective market-based program to be faulty, the Treasury heeded the markets, not the economists” (p.307). This after an intriguing discussion of ‘market designer’ economists in the preceding pages! That capitalist markets have no ontological basis independent of the actors, institutions, technologies, and practices that daily conjure them into being is nowhere discussed, either in the spirit of affirmation or refutation. The closest Mirowski comes is when he writes that “there is no such thing as ‘the market’ as a monolithic entity... Markets don’t validate truth; rather, markets are the product of struggles over the truth” (p.101).

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<sup>7</sup> *The Economist*, ‘The American Dream, RIP?’, 21 September 2013

<http://www.economist.com/news/united-states/21586581-economist-asks-provocative-questions-about-future-social-mobility-american> (last accessed 6 November 2013)

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There is another issue that arises when this knowledge-oriented conception of social power is operationalised in relation to questions of identity and selfhood. Mirowski, rightly I think, argues that the change the NTC seeks is not solely achieved through misinformation and distraction. He challenges ‘bait and switch’ accounts of the ways in which large segments of the population in countries like the US are convinced to vote against their putative class. Instead Mirowski claims that there has been a neoliberalisation of the self. He documents *inter alia* changing conceptions of risk and its individualisation, the idealisation of entrepreneurialism as a core social trait, and the terribly regressive demonization of the poor (which is manifestly evident in the ‘shirkers’ versus ‘strivers’ discourse of the current governing coalition in the UK). His descriptions of the ways in which neoliberals have jettisoned core orthodox economic concepts such as *homo economicus* in favour of ‘the market knows best’ are well-drawn, and I have made similar points to Mirowski about the ways in which behavioural economics rehabilitates, rather than challenges, notions of rationality and the primacy of methodological individualism<sup>8</sup>. But why these strategies have been so successful is less apparent. Are people just dupes?

Here I want to turn to the recent work of Nancy Fraser on neoliberalism, identity and feminism<sup>9</sup>. Fraser has written about the shift within second-wave feminism from a politics of redistribution to a politics of recognition. In ‘Feminism, capitalism, and the cunning of history’, Fraser wrote of ‘second phase’ post-war feminism, the phase that coincided with the rise of neoliberalism: “In a fine instance of the cunning of history, utopian desires found a second life as feeling currents that legitimated the transition to a new form of capitalism: post-Fordist, transnational,

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<sup>8</sup> See ‘Re-engaging with rationality in economic geography: Behavioural approaches and the importance of context in decision-making’, *Journal of Economic Geography* 8(2):137-156, 2008; and ‘Cognition, context, and multimethod approaches to economic decision-making’, *Environment and Planning A* 41(2):302-317, 2009.

<sup>9</sup> Nancy Fraser, *Fortunes of Feminism*, London: Verso, 2013.

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neoliberal” (p.99)<sup>10</sup>. Fraser’s account has not gone unchallenged. Sangster and Luxton take her to task for not distinguishing “...which aspects of feminism have a structural and ideological affinity with neoliberalism” (p.289)<sup>11</sup>. Their critique raises important points, not least the charge of Anglo-American-centrism (one that might also be levelled at Mirowski). Nevertheless, in her more recent writing analysing the rise of identity politics, Fraser has made overt attempts to understand and theorise the rise of identity politics without dismissing the desire for individual and group-based recognition of difference (what Fraser calls status). In doing so she recognises the ways in which, in the minority world, increasing numbers of people in the post-war period, building on historical struggles, came to reject oppressions grounded in the social hierarchies of race, gender, heteronormativity, and disableism. What Fraser is trying to do is analyse the co-option of those energies by neoliberalism and capitalism at the specific historical juncture when the former was on the rise. Sangster and Luxton hold her to account for generalising, but all are writing in the socialist feminist tradition.

What is salient about their exchange in relation to Mirowski’s book is that it is about the need to analyse, and theorise, the specific intersections of certain strands of feminism with certain strands of neoliberal discourse. In painting most of us as slaves to the neoliberalisation of the self via Facebook, reality TV, cosmetic enhancements, *etc.*, the details of who benefits in terms of economic and social power rather fade into the background in Mirowski’s picture. In occupational pensions, for example, the discourse of individual risk and reward is a gloss on the reality of plummeting pension coverage. In the UK workers will soon be auto-enrolled in a defined contribution

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10 Nancy Fraser, ‘Feminism, capitalism, and the cunning of history’, *New Left Review*, 56:97-117, 2009.

11 Joan Sangster and Meg Luxton, ‘Feminism, co-option, and the problems of amnesia: A response to Nancy Fraser’, in Leo Pantich, Gregory Albo and Vivek Chibber (eds) *The Socialist Register 2013: The Question of Strategy*, Brecon: Merlin, 2012.



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(money purchase) ‘public’ scheme in which private financial services companies operate the funds in which contributions will be invested, guaranteeing them a new income stream, while the older collective State Second Pension is being phased-out<sup>12</sup>. Companies are already under investigation for overcharging consumers<sup>13</sup>. But the discourse of individual choice has resonated, to the extent that it has, because traditional schemes excluded part-time workers (often women), were not portable, and had inflexible vesting rules. They were not designed to recognise social heterogeneity.

To conclude, *Never Let a Serious Crisis Go to Waste* is at its best when Mirowski reveals, with palpable anger, the co-option of academic economists as shills for corporate interests; the connections between them, the NTC, different governments and regulatory bodies; and the deliberate strategies used to construct the conditions under which profits and influence flow to those already in power. Bringing Fraser in could be critiqued for comparing apples with oranges: Fraser is a political philosopher unconcerned with empirical research, whereas Mirowski attempts to marry an analysis of concrete historical and contemporary moments in the construction of the neoliberal edifice with some broader reflections on knowledge and power. My point however is that Mirowski’s characterisation of these processes lacks both the broader cohesiveness, and specificity, that a more well-defined theory of power could bestow. Actual markets are black-boxed other than when discussing the response in the US to the 2008 financial crisis, and mechanisms through which ‘disinformation’ is spread are not discussed, for example, with reference to media ownership. All of these might be quibbles if Mirowski’s aim were to reflect solely on the rise of the NTC and economists’ roles in it; but in addressing the wider issue of

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12 Kendra Strauss, ‘Globalization and the service workplace: Citizenship, entitlement, and the future of UK occupational pensions’, *American Behavioural Scientist*, 55(7):902-919, 2011.

13 *Pensions Insight*, ‘OFT update hints at damning conclusion to DC investigation’, 19 July 2013 <http://www.pensions-insight.co.uk/oft-update-hints-at-damning-conclusion-to-dc-investigation/1472106.article> (last accessed 6 November 2013).

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neoliberalism's resilience the response feels partial. This also means that while there are salutary lessons for the Left, particularly around political organisation, their translation into strategy is more problematic. It is one thing to seize power by abetting and fortifying the interests of capital, it is quite another to resist them.

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