

# Antipode

A Radical Journal of Geography

## *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)

The crisis, for the moment at least, is over. A puzzle, however, remains: why have the events of the past five years not been more damaging for the political Right, which, if anything, has emerged from the crisis not just unscathed but perhaps even stronger than before? Mirowski explains this situation by making the following points: the political Left has been incapacitated by its nostalgia for a Golden Age that has long since passed; the Right have successfully robbed the Left of its ideas and adopted them for its own purposes; the Left has never fully understood the complexity of the neoliberal project and has tended to dismiss it as a crude form of market fundamentalism; that crisis tends to reinforce people's core beliefs and principles rather than change them; that neoliberalism works through the construction of double-truths that are hard for the public to grasp let alone see through; that the majority of economists are ill-equipped to think about crisis as they remain chained to neoclassical principles that themselves need to be questioned; that the economics profession is part of the problem (at least in the US) because it helped run many of the institutions that were bound up in the crisis; and that this profession spread doubt and ignorance among the populace and in so doing obscured the real causes of the events of late-2007 onwards. As this summary indicates, this book is full of big-hitting arguments that are likely to stimulate debate both within and beyond the academy. It is impossible to do justice to the complexity of these arguments within the confines of a short review. Instead, I will make some brief comments

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about the limits of this book that are intended to support and extend Mirowski's analysis of the crisis rather than undermine it.

Throughout the course of this book, Mirowski advances a stinging critique of neoclassical economics, which is now said to be working in tandem with the neoliberal project. This alliance, however, has a complex and unstable history that is worth revisiting. In particular, it is worth returning for a moment to Hayek, not simply because he was initially the lead figure in the formulation of a new type of economic liberalism, but because his new or 'neo-' liberalism rested on an epistemology that broke with the basic principles of neoclassical economics. In his essays of the late-1930s and early-1940s, for example, Hayek attacked ideas of market equilibrium associated with neoclassical figures such as Walras and Jevons, along with abstract and idealist notions of perfect competition. More than this, he dismissed the idea of the *homo economicus* on the grounds that 'man' is by nature a 'very irrational and fallible being', arguing instead that because there are distinct limits of individual knowledge there should be a strict limitation of governmental power. In his later *The Constitution of Liberty*, Hayek adds that assumptions about the unlimited powers of human reason are to be blamed on the influence of French rationalism, which paved the way for 'social', or in his view 'totalitarian', forms of democracy.

The answer, Hayek argues, is rather to acknowledge the 'unavoidable imperfection' of individual forms of knowledge, and to treat the market as a socially integrative force because of its unrivalled capacity to process information, which can bring 'unity and coherence' to the 'economic system'. Mirowski detects the presence of the second half of this equation in the contemporary Efficient Market Hypothesis (see p.298), while at the same time noting that "most neoliberals of a Hayekian persuasion have never been terribly enamoured of neoclassical economic theory" (p.344). It would be useful to look at these tensions a little more closely. For while there may exist a temporary alliance between neoliberal thought and neoclassical economics, this looks unstable at best given that the Hayekian tradition of the

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former rests on a thoroughgoing critique of this type of economic thought. Hayek is aligned more to a Knightian commitment to unknowability and uncertainty, and this, in turn, frames his own version of agnotology: that there are limits to what we can understand about complex empirical events and processes, to which only markets can provide real answers. I would argue that it is here, in this Hayekian epistemology rather than in neoclassical economics *per se*, that the neoliberal propagation of doubt and ignorance has its roots. Indeed, this is Hayek's legacy: to construct the market as a sovereign force that lies beyond the reach of human understanding and thus as something that should not be subjected to mechanisms of democratic accountability or control. Adam Smith's 'hidden hand' here becomes Hayek's 'marvel'.

But neoliberalism is not just about Hayek. Mirowski rightly observes that there have been three main 'sects or subguilds' to neoliberalism as it has played out through the Mont Pèlerin Society and beyond: "Austrian-inflected Hayekian legal theory, the Chicago School of neoclassical economics, and the German Ordoliberalists" (p.42), with "Virginia public choice theory" added as a possible fourth lineage (p.366). Over time the ideas of these different groups have 'cross-fertilized', making them harder to distinguish from one another as separate entities. But it is not altogether clear from the pages of this book how this process of cross-fertilization has taken place, which ideas from which groups live on, which have perished, and why. The main geographical focus of Mirowski's account is the US, which is presumably why the neoclassical commitment of the US economics profession is addressed in such detail (unless the author believes that what has happened in North America is being replicated elsewhere). This means that neither the Hayekian critique of the neoclassical orthodoxy nor ideas from the post-War ordoliberalists feature prominently. Unlike the former, the importance of ordoliberalism is that it focuses specifically on the role of the state, which is to be restructured in line with principles that come from the market while at the same time becoming its guarantor. Mirowski does not talk at length about the state, but perhaps this is

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more of a European concern? In Europe ‘the crisis’ has had played out differently in national settings such as Greece, Italy, the UK, Ireland and Cyprus, but what appears to be at stake in each case is a renewed attempt to refashion the state so it becomes ever-more accountable to the market. The spirit of ordoliberalism, it seems, is far from dead.

The main figure to have addressed ordoliberalism in detail is, of course, Michel Foucault. While Mirowski lists a number of reasons why Foucault’s lectures on biopolitics are or more precisely were important, he ends up dismissing Foucault for sharing ‘quite a bit of common ground’ with the neoliberal doctrines he sought to study. The reason for this, Mirowski argues, is that ultimately he swallowed “the basic neoliberal precept that the market was an information processor more powerful than any human being or organization of humans” (pp.97-98). But is this true? This is not the place to argue over the rights and wrongs of Foucault’s account, but this seems to me to be too sweeping a judgement to make on the basis of a series of lectures that were never intended for publication. There are many reasons for being critical of Foucault’s biopolitics lectures: they over-simplify the basis of classical liberalism; they construct a false line of continuity between the work of Max Weber and ordoliberalism; they skate over the ideas of key Austrian figures such as Mises and Hayek; and they pay no attention to key organizations such as the Mont Pèlerin Society. But the more interesting question is whether Foucault’s work can be used as a starting point for thinking historically and critically about what Mirowski calls ‘everyday neoliberalism’. Contrary to Mirowski, I would say ‘yes’. At the very least, Foucault’s work can be used to question the tendency of the Chicago School to apply economic forms of analysis to non-economic phenomena, and to consider the means through which ordoliberals have treated situations of crisis as opportunities for manufacturing ‘radically economic’ states. In part thanks to Foucault, such critical and historical concerns are back on the agenda, particularly in sociology - a discipline which before the crisis had all but lost interest in political economy, and had become dominated by science studies type approaches that did little more than

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describe the operation of markets and their instruments. Mirowski is right to object that Foucault did not analyze neoliberalism in terms “the operation of power on the ground and under the skin” (p.97), but this is the challenge that his work leaves behind, and in many ways is the challenge that this book attempts to meet.

Finally, if you are reading this book in search of a manifesto or even a rough guide as to what the political Left should do post-crisis you are likely to be disappointed. Although Mirowski calls for the renunciation of neoclassical economics as the “only serious way forward to oppose the zombie fortification of modern neoliberalism” (p.240), he refuses to conclude this book with a blueprint of what should take its place. Depending on your view, this is either a sensible conclusion to the book or, alternatively, a move that dodges the main task in hand. Mirowski does not reflect on such matters at any great length, but instead offers a piece of advice: “Know Your Enemy before you start daydreaming of a better world” (p.327). The question this leaves, however, now that we have read this book and know our enemy intimately, is what should happen next? We await an answer.

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