

Antipode

A Radical Journal of Geography

Kean Birch, *We Have Never Been Neoliberal: A Manifesto for a Doomed Youth*, Alresford: Zero Books, 2015. ISBN: 978-1-78099-534-2 (paper); ISBN: 978-1-78099-535-9 (ebook)

Monopolizing Neoliberalism Away

“Politics may be inseparable from stances on economics”, observes Philip Mirowski in his response to four reviews in *Antipode* of his book *Never Let a Serious Crisis Go to Waste* (2013a); “but”, he continues, “that should not imply that economists should be permitted to exert unchecked sway over such loaded cultural terms as ‘market’, ‘knowledge’, ‘finance’ and even ‘price’” (2013b: 6). Indeed not; where *Antipode*’s core audience is concerned, Mirowski is preaching to the choir on this point. The particular significance of his making this point in *Antipode*, however, is that the Left widely allows the politics to merge uncritically with the economics. Noting that a conflation of “neoclassical economics” with “the historical phenomenon of neoliberalism” is “so frequently found on the Left that it borders on cliché”, Mirowski writes that the need to curtail economists’ dominance of the terms—in every sense of the word—of contemporary political economy explains “why I insist so intently that... [neoliberalism and neoclassical economics] be kept separate and distinct” (2013b: 6).

And yet... The problem is, they can’t be; and both *Never Let a Serious Crisis Go to Waste* and Mirowski’s response to his *Antipode* interlocutors admit as much. For all its desire to hold the neoclassical and the neoliberal at arm’s length, one of the book’s central arguments is that neoclassical economists have for some time been “the major enablers of the Neoliberal Resurgence” (2013a: 26). The *Antipode* response elaborates on some of the dynamics of this enablement: the “modern neoclassical orthodoxy” has become a “useful ally of the Neoliberal Thought Collective” partly because it has “become so hamstrung by its own logical fallacies, and been so infused with neoliberal ideas in the interim” (2013b: 6). The relationship between

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neoliberalism on the one hand and, on the other, economics in general and neoclassical economics in particular is, truly, a complex one, and one that cannot be ignored.

That relationship is the principal concern of this essay. Its main argument is that economic assumptions and worldviews, i.e. Mirowski's "stances on economics", fundamentally frame how we understand and talk about neoliberalism, to the extent, even, of whether we believe that such a thing as "neoliberalism" actually exists; and that this framing is very often unknowing and unwitting. More specifically, it submits that conceptions of monopoly and competition, and above all of the relationship *between* monopoly and competition, are of especial materiality to our views on neoliberalism. It makes this case, somewhat circuitously, through an extended critical engagement with Kean Birch's new book, *We Have Never Been Neoliberal: A Manifesto for a Doomed Youth*.

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We Have Never Been Neoliberal (hereafter WHNBN) is a fresh contribution to swirling debates about neoliberalism, the nature of contemporary capitalism (in the "Anglo-American" advanced-capitalist heartlands of North America and the UK—Birch is careful to circumscribe his treatment in this respect), and about the distinctiveness or otherwise of capitalism in its putatively neoliberal form. Fully aware that the field is already awash with critical readings of the politics, economics and political economy of neoliberalism, Birch, to his credit, tries to do something a little bit different—to make the debates in question both comprehensible and of interest to a readership not steeped and saturated therein, while advancing, in the process, his own particular "take" on neoliberalism and on existing readings thereof. Written in a style situated somewhere between the scholarly and the journalistic, the book assuredly delivers exactly the type of text

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championed by Birch's publisher, Zero (or is it Zer0?) Books—"intellectual without being academic, popular without being populist", as its website puts it. In this respect it is somewhat comparable to Geoff Mann's (2013) *Disassembly Required*, which also tries to write about capitalism in a different way and for a different set of audiences.

Crucially, WHNBN is also—avowedly—polemical and provocative. "I want to state quite openly and right at the beginning of this book", Birch says, "that what I am writing here is a polemic; it's meant to be [*sic*] provoke" (p.3). Now, by my understanding, polemics have three main qualities: they are formulated with the purpose of advancing a particular position or perspective; they do so, at least in part, by criticizing *other* positions or perspectives; and they are, by their very nature, contentious. I say this not simply to clarify Birch's term and thus approach, but for two more specific reasons. One is to affirm that WHNBN is, indeed, polemical—even those readings of neoliberalism and contemporary capitalism that Birch finds most agreeable are given a ticking-off of one sort or another; those he is less partial to are comprehensively excoriated. The second reason for foregrounding the book's polemical nature is to carefully situate my response to it. For, I hate to say it, but much as I enjoyed the book and much as I appreciate Birch's attempt to bring knowledge about neoliberalism to new publics, I disagree strongly with all of Birch's core arguments, which, put another way, is to say that I believe all of those arguments are simply wrong. Hopefully, however, precisely *given* the avowedly polemical nature of the book, such a response to it will not—to Birch—be unexpected; perhaps it may even be welcome.

What, then, are those core arguments? The first thing to say is that they emphatically do not include a coherent set of claims about what people—in particular, the "doomed youth" referenced in the subtitle—can or should do to resist or push back against neoliberalism or whatever other set of contemporary capitalist forces it is that renders them "doomed". (And let's

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be clear: Birch leaves the reader in no doubt that he thinks contemporary capitalism *is* monstrous and that we—the young we, especially—*are* doomed unless we start doing something about it.) Anyone picking up the book hoping to find the “manifesto” alluded to in the subtitle will be dissatisfied with what they find. In fact this is the most disappointing aspect of the book: the false marketing that the subtitle ultimately represents. In a book of 191 pages, the “manifesto” in question is all of seven-and-a-half pages long—starting on page 168 and ending on page 175—and can be summarized in two words: don’t borrow (least of all to undertake tertiary education or to buy a home). For what it is worth (though I don’t want to labour the point since, as noted, this manifesto is not really what the book is about), I disagree here, too. Not only is it the case that “taking on” capitalism by hewing away at one pillar of its construction—albeit a pivotal one—without attending to all other pillars (relations of production, distribution and so forth) is manifestly problematic. But the specific, sparse premises on which Birch predicates his manifesto are themselves flawed. An example: to encourage aspiring students to shun university and the associated student debt on the grounds that “well-paid and secure employment opportunities for graduates are simply not out there any more” (pp.169-170) is, at best, to mislead them; such opportunities *are* out there, even if their numbers are dwindling in both absolute and relative terms; and their existence is, and will remain, at least part of the motivation for many (though certainly not all) of those who undertake university studies and accumulate debt in the process. Any credible manifesto for change surely has to deal with such basic realities. If *all* aspiring college students say no to debt and college then, sure, capitalism as we know it would indeed be in trouble; but *individuals* taking Birch’s advice simply risk disadvantaging themselves vis-à-vis their more pragmatic peers. That’s how neoliberalism works. It disciplines us to conform.

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In any event, the real thrust of WHNBN lies, as noted, elsewhere. Birch's main truck is with neoliberalism: what it is, what it isn't, what effects it does and doesn't have. The global financial crisis figures intermittently in the drama that Birch stages—did neoliberalism cause it?, he asks at the beginning of the book—but even this is a bit of a sideshow. It is neoliberalism that is placed front and centre and the core arguments are, as I understand them, twofold, related and, in both cases, contrary to the prevailing wisdom about neoliberalism, capitalism and neoliberal capitalism spelled out for and by geographers in such books as David Harvey's (2005) *A Brief History of Neoliberalism* and Jamie Peck's (2010) *Constructions of Neoliberal Reason*. First, Birch claims that neoliberal ideas have not in fact substantively shaped the evolution of the Anglo-American political economies over the past four decades. Second, and linked to this, he claims that those actually-existing political economies are not—and never have been—neoliberal (so the book's *main* title, at least, does not lie!). Given these arguments, and given the way Birch frames the issue of the global financial crisis, we can see why the latter is somewhat peripheral: for if, as Birch maintains, we have never been neoliberal, then *of course* neoliberalism didn't cause the financial crisis.

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Let's take Birch's principal claims in turn. The first is that neoliberal ideas have had a much less significant positive impact (positive as in directionality, not in a normative sense) on the recent historic development of the Anglo-American economies than is commonly supposed. Surveying the key sets of ideas ordinarily associated with neoliberal thinking alongside the primary axes of change in the economies in question since the mid-1970s (in other words, during the period

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typically identified as “neoliberal”), Birch comes to the following conclusion: “neoliberal ideas have not driven the transformations we have witnessed in our economies since the 1970s” (p.77).

What are we to make of this argument? Well, it is surely true that not everything that has happened to the political economies of Canada, the US and the UK over the past four decades can be pinned on neoliberal ideas and on those ideas being successfully implemented or “performed” in political-economic practice. But none of those whose work Birch takes to task for taking the materiality of (neoliberal) ideas (too) seriously—the likes of Mark Blyth—actually claims that ideas, and ideas alone, have driven political-economic change in a straightforward, transparent fashion. Their work is much more subtle than that.

Furthermore, Birch’s argument is considerably stronger than an implementing-neoliberal-ideas-is-often-problematic-and-other-factors-also-play-a-role variant, *even if it sometimes begins like that*. Consider his discussion of monetarism (Chapter 2). At one level it is an entirely reasonable and insightful examination of some of the problems encountered in the 1970s in trying to put neoliberal monetary-policy prescriptions into practice. Yet from this circumscribed, empirically-grounded claim the argument balloons inexplicably into a wholesale dismissal of the significance to historic-geographic change not just of monetarist principles—which “did not carry over into reality” (p.70)—but of neoliberal reason in general. Looking at “the transformations we have witnessed in our economies since the 1970s”, we can simply discount neoliberal theory as a generative source.

Well, hold on. Independent central banks, anyone? Deunionization? Dismantling of capital controls? Welfare state retrenchment? Entrepreneurial urbanism? Workfare? Deregulation of financial markets? Structural adjustment programs? Privatization? These, and more, are indisputably examples of *neoliberal policies* embodying and enacting *neoliberal ideas* (yes,

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imperfectly, and yes, in tandem with other influences), and they have changed the face of capitalism as we know it.

At this point it is perhaps wise to remind ourselves that Birch's argument is polemical. But this does not mean that the claims in question should not be subjected to critical scrutiny. And neither, importantly, does it mean that the critical readings of *other* scholars' claims, through which the polemic is, in part, effected, can unproblematically play fast and loose with those claims—which is something that happens in WHNBN. Again, one example, this time related to a subject I'll return to in more depth later: monopoly. Discussing the work of Colin Crouch on post-1970s neoliberalism, Birch refers to (and quotes from) Crouch's argument that modern neoliberal theorists' "rethinking of corporate monopoly favoured 'the emergence of giant corporations' based on the assumption that this 'will always lead to improved efficiency'" (pp.104-105). So far, so fair. Yet, in the very next sentence, Birch insists that "corporate monopoly is *not* an effect of...neoliberal ideas" (or, for good measure, of "some form of neoliberal class-based project")—as if Crouch had claimed such an effect, an impression further underwritten by the claim in the following sentence that both Crouch and Naomi Klein (who also gets things wrong, it transpires) "specifically align neoliberalism with corporate monopoly and power" (p.105). But is the argument that neoliberal reasoning *favours* or *sanctions* monopoly power—Crouch's and Klein's specific argument—equivalent to saying that the latter is an *effect of* the former? Clearly it is not.

So what, in turn, about Birch's second main argument—the book's headline claim that in terms of our on-the-ground political-economic formations, "we have never been neoliberal"? As I have said, I think this is entirely incorrect, too. We have been, and are, neoliberal. Rather than simply retorting to one grandstand pronouncement with another, however, it is more productive to look at the grounds on which the assertion is made. Beyond the aforementioned premise that

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political-economic practice has not followed neoliberal prescriptions, these grounds, as far as I can tell, are twofold.

The first is spelled out most clearly in Chapter 1: “we cannot identify any single or homogenous ‘neoliberal’ rationality or immutable and static neoliberal technologies. It is in this sense that I claim we have never been neoliberal—it is always evolving, becoming something new, something different” (p.43). But this is just silly. Capitalism, too, is always evolving, becoming something new, something different—so have we never been capitalist, either? More generally, are we only justified in pinning labels on things with an inviolable, unchanging essence? If so, as social scientists, we may as well pack our bags and give up trying to capture the world representationally in any meaningful way. (Perhaps *that’s* what the non-representational theorists have been banging on about all along.) After all, as Gramsci famously remarked: “In history, in social life, nothing is fixed, rigid, or definitive, and nothing ever will be” (2011: 474). Taken to its logical conclusion, Birch’s position would be that we cannot defensibly write a sentence with a noun in it, given that the phenomenon to which the noun nominally refers would inevitably have become something new—rendering the noun an inaccurate signifier—by the time the sentence was complete.

Fortunately, however, Birch’s above-cited declaration—that “It is in this sense that I claim we have never been neoliberal”—is not just peculiar but untrue: it is not in fact the (only) sense, or even actually the main sense, in which he and WHNBN claim we have never been neoliberal. Running right the way through the book, but featuring most prominently in Chapters 1, 3 and 4, is another ground for this argument entirely, and it is a much more serious one deserving an altogether more serious critical engagement. It is this ground that brings us back to where we began—with the question of monopoly and competition, and how they are conceptualised in economic thought—and it is the subject of the remainder of this essay.

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What has monopoly got to do with neoliberalism? An awful lot, it turns out. For one thing, arguments *about* monopoly and monopoly power have always been core elements of neoliberal thinking on political economy. For another, monopoly power—manifested in vast concentrations of capital in oligopolistic and monopolistic industries at both national and international scales, and, relatedly or not, in the protections afforded by generous and vigorously-policed intellectual property rights—has been a cardinal and enduring feature of the Anglo-American political economies throughout the ostensible neoliberal era. Much of WHNBN, then, turns on precisely these issues and on the relations between them.

While I welcome Birch's attention to these issues and particularly his recognition that the law plays a pivotal role in how they play out—something I have been trying to emphasize in my own recent work (Christophers 2013, 2014)—I think he is wrong to say that the question of monopoly power per se has been overlooked in scholarship on the political economy of neoliberalism. In attempting, perhaps, to highlight the distinctiveness of his contribution, Birch writes that “existing debates and literatures...ignore, or simply miss, the growing role of business organizations, especially large, multinational corporations, in our economies” (p.9). This, though, is untrue: two of the best and best-known books on neoliberalism's political economy—Harvey's *Brief History* and Crouch's (2011) *The Strange Non-Death of Neoliberalism*—deal explicitly and forcefully with contemporary accumulations of monopoly power in multinational corporations. It is also a bit disingenuous: almost all of what Birch writes (in Chapter 3) about materialisations of contemporary monopoly power is professedly based *on* the

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existing literature—Crouch’s *Strange Non-Death*, but also the work of the *Monthly Review* school—that we are earlier told doesn’t exist.

Anyway, Birch’s claim is this: we are not and have not been neoliberal because neoliberalism is about “free markets” whilst a (or the) characteristic feature of our contemporary political economy—monopoly power—is antithetical to free markets. I want to contest this claim on two principal fronts.

First, as even a modest familiarity with the literature on neoliberal thinking reveals, it cannot justifiably be reduced to—or caricatured as—a simple idealization of “free markets”. Indeed, Birch’s own attempt to offer a definition of neoliberalism in the book’s introduction (pp.9-12) makes this case better than I can. Not only is neoliberalism revealed to be about more than just markets; but the specifically *free* markets that the rest of the book makes so much play of are relegated to parentheses as we are told that “neoliberalism concerns the replacement of collective social action or political decision-making with individual interactions in (free) markets” (p.11). Moreover, even if neoliberal thinking once was, in its early formulations in the 1930s, coterminous with “(free) markets”—and I don’t think it ever was—then it assuredly has *not* been that during the post-1970s period of (*pace* all bar Birch) actually-existing neoliberalism. As Birch himself later admits, the modern-day neoliberals who, recalling Crouch’s abovementioned argument, “rethought” corporate monopoly—making it something acceptable to neoliberal ideology rather than anathema to it, which it had earlier been—supported it “because of, and not despite, their assumptions” (p.104). (How could they do that if their assumptions [still] equalled free markets?) To suggest that contemporary political economy cannot be neoliberal because it contradicts the (putative) ideational terms of neoliberal thinking in a bygone era is to infer that neoliberalism cannot mutate—whereas we have already seen that change is in its “always evolving” nature.

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Second, and, I think, much more importantly, the claim that we have not been neoliberal because we have tolerated monopoly power is predicated, perhaps unwittingly, on a very particular—and particularly problematic—understanding of markets and monopoly, and capitalism and competition. What understanding is that?

WHNBN does not spell it out—hence why I say “unwitting”—but it is there, just below the surface, nonetheless. At the beginning of Chapter 3, for example, in discussing the fact that the financial crisis and its aftermath saw various Western governments bail-out troubled firms, Birch observes that “businesses do not necessarily compete with one another, nor do they necessarily have any competitors, nor are they stopped from exerting significant influence over the market” (p.83). All of this, I should say, is true; I agree. But the crucial point I want to emphasise here is Birch’s conclusion, which is that in view of this presence of monopoly power “our supposed capitalist economy is nothing of the sort” (p.83). What does this mean? It means, as Birch sees it, that capitalism equates to competition (capitalist firms compete) *and* that competition is mutually exclusive (our economy is “nothing of the sort”) with power over the market: in other words, a properly capitalist market is a “free” market in which all firms are impotent price-takers at the mercy *of* the market.

Similarly, here is Birch at the beginning of chapter 4, arguing that many “market-based mechanisms, instruments and incentives...are not in fact market-based at all since neoliberalism plays second fiddle to the re-emergence of corporate monopolies which inhibit the operation of markets...” (p.116). Again, if there is monopoly—manifesting, as we have just seen, in market power—then the “reality” of the situation is “not in fact market-based at all”. But why? Who says that monopoly and markets—and, thus, the competition that is seen to define markets—preclude one another? Interestingly, on this occasion, Birch *almost* tells us. The presence of corporate monopoly means that the “mechanisms, instruments and incentives” he refers to are “not in fact

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market-based at all”, it is claimed, “*at least according to economic assumptions*” (pp.116-117, emphasis added).

Call me a peculiar reader, but for me this is the pivotal phrase of the entire book. For, which economic assumptions *are* these, which underwrite Birch’s reading of markets, competition, monopoly and capitalism, and thus his central argument that we—with our monopolies—have not and cannot be neoliberal? This, I insist, really matters—hence why I started with Mirowski (in case you were beginning to wonder).

And the answer is this: amongst the various main schools of economic theory, the only one, to my knowledge, which subscribes to the position that monopoly and competition, corporate power and markets, are mutually exclusive is a highly stylized and formalized neoclassicism—the neoclassicism, that is, of so-called “perfect competition”. Bob Jessop defines such a state of competition as “an abstract or idealized condition of equilibrium in which there [is] no long-term competitive advantage between firms” (2013: 102). And Jessop’s definition is useful, because it highlights a vital characteristic of this perfect competition: it is, precisely, an “abstract or idealized” condition, which is to say a simplifying assumption as opposed to a model of reality that aims accurately to *represent* reality. A “handy model”, as Michał Kalecki put it. Indeed, even Hayek—who was actually fairly ambivalent about monopoly—recognized this, famously arguing that “if the state of affairs assumed by the theory of perfect competition ever existed, it would not only deprive of their scope all the activities which the verb ‘to compete’ describes but would make them virtually impossible” (1948: 96).

Meanwhile, heterodox traditions rooted in political economy—classical or Marxian, but especially the latter—have always taken a completely different approach to monopoly and competition and the relationship between them than that associated with stylized neoclassicism. Here, in *The Birth of Biopolitics*, and expressing things with typical elegance, is Foucault: “in the

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classical conception, or one of the classical conceptions of the economy, monopoly is seen as a semi-natural, semi-necessary consequence of competition in a capitalist regime, that is to say, competition cannot be left to develop without monopolistic phenomena appearing at the same time, which precisely have the effect of limiting, attenuating, and even nullifying competition” (2008: 134). The only quibble I would have with this is that, as intimated, such a dialectical take on monopoly and competition—where the two are conceived not only as *not* mutually exclusive, but as interdependent to the extent of feeding on and co-constituting one another—is much more evident in Marx than in Adam Smith or the other classical. To be sure, Smith, contrary to popular belief, did not subscribe to the myth of perfect competition—his was, rather, “a theory of *imperfect* competition” (McNulty 1967: 397)—but neither did he conceptualise monopoly in the way Foucault articulates it: namely, as “part of the economic and historical logic of competition”. That was Marx (see Harvey 2014: ch10; Christophers 2015: ch1). “Monopoly produces competition, competition produces monopoly”, was his take (Marx 1846). Competition and monopoly were *both* integral to capitalism; in fact their dialectical unity was one of its defining features.

The reason for dwelling on such understandings should, by now, be clear; but let me spell it out. It is, in short, only possible to argue (as Birch does) that the presence of monopoly power is non-neoliberal *if* one also insists, explicitly or implicitly, that the markets and competition which do indeed feature substantively in neoliberal thinking somehow preclude monopoly power; and it is only a stylized neoclassicism that says this. Other economic theories say that we can, and do, have both: capitalist markets are characterized not by monopoly *or* competition, in other words, but by monopoly *and* competition, or by what Edward Chamberlin (1933) called “monopolistic competition”.

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We do, indeed, live in an economy suffused with monopoly powers. But that does not in any way make it non-capitalist or non-competitive per se. Neither does it make it non-market-based; large corporations simply dominate (some of) these markets—which *also* suffuse our political economy—to a greater or lesser extent. And nor, therefore—*should* one choose to define neoliberalism by its market disposition, which is by no means ineluctable—does monopolization make our economy non-neoliberal.

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