

Neoliberal Politics of the ‘Market’

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1. Ordering Europe

The EU and the EMU are in deep crisis. This is best recognized by people who have to carry the consequences personally, but cannot really influence the decisions of power-holders. From the perspective of the power-holders this crisis is about the order and stability of Europe. An almost apocalyptic experience of the end of history is certainly not new in Europe and could be understood as a discursive reflex of Christian tradition. According to the Christian apostles (Paul’s Second Letter to the Thessalonians) and theologians (Hippolytus, Tertullian) the task of holding back the apocalypse belongs to *katéchon* who has the power to prevent the end of times from actualizing (Schmitt 1942; Hell 2009, 283). In the course of European history *katéchon* has been identified with many different actors, such as the Roman Empire and the Catholic Church. It is also too easily forgotten that the founding fathers of reunified Europe—Robert Schuman, Konrad Adenauer and Alcide De Gasperi—were all devout Roman Catholics who, in the aftermath of the tragic World War II, found their inspiration for European integration in the Neo-Thomistic revival of the Roman Catholic teaching, which was in actuality launched by Pope Leo XIII, as is evident in his encyclical *Aeterni Patris* of 1879 (Fimister 2008, 17, 32-33).

The Thomistic influence on European reunification was even more encompassing. It had already provided the foundational backbone for the integration project as an ordering mechanism. This connection was conspicuously present in the thought-collective of *ordoliberalism* which was practically responsible for originally drafting the *economic constitution*. This has steered the European integration project from the very beginning. The fixed point of the ordoliberal thinking is *order* and it can be easily traced back to scholastic doctrines of *ordo* in general and the Thomistic order-metaphysics in particular (Wegman 2002, 204-210). Besides the German ordoliberals, the Thomistic metaphysics had a profound influence also on French thinkers between the two World Wars, who were perplexed by the chaotic

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circumstances of Europe due not only to fascism and communism, but the perplexities of classical liberalism. In this vein the French philosopher Louis Rougier, who had also published a book *La scolastique et le Thomisme* and was equally enthusiastic about Walter Lippmann's book *The Good Society*, made the first initiative for an international meeting, the *Walter Lippman Colloquium*, held in Paris in 1938 where the term *neo-liberalism* was first articulated (Wegman 2002, 205; Denord 2009, 45).

'Order' has been the pivotal motif and symbol of a unified Europe that was in the past dominated by empires and is still the genuine goal of European integration, which has global aspirations. World War II signified a catastrophic downfall of Europe due to rival and antagonistic national sovereignties. Against this background it could be pondered whether the coming European Community was meant to incarnate the *katéchon*, which could hold back the perpetual danger of European apocalypse. I think that this is exactly so, and, for this reason, 'order' can be understood as a symbol of European government. The important point to reckon here is that the danger of chaos, anarchy and disorder represents the most serious threat to the hegemonic 'European mind'. This is the case, now, that the European Union has ended up in the most severe crisis of its entire integration history. This is not only an economic, political and social crisis, but an existential crisis threatening people's ontological security. The experiences of insecurity and uncertainty also weaken sentiments of trust and confidence which are essential for the balanced functioning of the EU market economy.

2. Steps towards the resolution of the EU-crisis

Many Europeans are today looking at chaos and disorder face to face in their personal and communal lives, not least in Greece and Cyprus, due to the economic, political and social crises in their countries. Although the European crisis is globally orchestrated, it is basically a cross-border crisis of the banking and monetary system of the European Union culminating in the sovereign debt crisis of some member states. It would be tempting to put the blame for the European crisis on some definite actors for taking the leading steps towards the downfall, or on some dysfunctional mechanisms producing such unfortunate outcomes. In this manner investment firms, banks and other credit institutions have been blamed for greedy, short-sighted and risky behavior; politicians have been accused of unwarranted promises, counterproductive policies and reckless spending; citizens have been criticized for irresponsible exploitation of their own future on loan money; bureaucracies and clientele networks have been claimed to advance corporate interests at the expense of public good; financial markets have been argued to embody the contradictory logic of advanced capitalism, while political democracy has been finally charged as an inefficient political machine. In these debates the critique of the irrationality of the visible hand can be seen to challenge the critique of the irrationality of the invisible hand, but neither one of these critiques seem to recognize the complexity of the present crisis.

Rather than just a problem of either a visible or invisible hand, the present

European crisis is a *problem of many hands*. In situations characterized by the problem of many hands, highly unwelcome effects and outcomes occur in such a fashion that it is not possible to hold any individual actor reasonably responsible for them (van de Poel, Nihlén Fahlquist, Doorn, Zwart & Royakkers 2012). The present European crisis is a problem of many hands which has come about by a series of highly complex coincidences, multidimensional measures and asymmetric strategies. This may also explain why, in the EU, there was a lack of special powers and tools to manage the failure of banks in an orderly way when the crisis actually broke out.

In facing the crisis the authorities in the EU basically found themselves in a position to either place banks into formal insolvency procedures or to rescue the banks using public funds (Commission Staff Working Document 2012, 9). We know that the latter strategy was chosen at the expense of tax-payers. This strategy was chosen in spite of the outspoken principles and priorities claiming that the taking of responsibility should follow the taking of risks (by banks, investment firms, shareholders and their host countries) and should not be levied on the shoulders of ordinary citizens. The chosen strategy seems to even challenge the neoclassical credo that 'a voluntary market-based approach is more effective and appropriate than a unilateral, top-down approach to debt restructuring' (Report of the Joint Committee 2012, 4). By the neoclassical credo I understand a solution which lets the markets as a resolution regime decide why and how those that take the risks must carry the responsibility, even if this means bankruptcies.

Do we then have to conclude that the EU crisis management highlights that the authorities did not have enough trust in the markets? Before answering this question we should really think of a more sceptical alternative. It is possible that lobbies, interest organizations and expert agencies speaking on behalf of the big banking groups and investment firms facing great losses may have decisively influenced the adopted measures for the management of the crisis for their own benefit. By looking at the particular actors and agencies which were publicly consulted by the Commission, it is conspicuous how closely and carefully the banking group and investment firm-interests were listened to (Commission Staff Working Document 2012, 85-87). In this light it is no big surprise that the real bill of the crisis was levied on taxpayers, and not only in the host countries of the cross-border banks. It was further ascertained that the crisis management was in the proper hands of the Trilateral commission. This sceptical alternative unveils much truth about what happened, but it is still too simple an explanation of a very complex phenomenon even though it radically reminds us of the shortcomings of politics in the EU. The question about how markets were and could be trusted is of paramount importance here.

Trust is a crucial factor in the functioning of the financial markets, since the banking business is based on trust:

Bank's most important capital is the reputation, i.e. the confidence of others in it. If confidence is lost depositors and other debtors immediately try to

withdraw their funds. This would make the bank unavoidably bankrupt since no bank holds sufficient liquid assets to cover all short term liabilities. Bank failures are capable of undermining financial stability, especially if they lead to a loss of depositor confidence in other banks. During this crisis these issues led Governments to, for the most part, recapitalize and save failing banks. (Commission Staff Working Document 2012, 9.)

These issues of reputation and trust led the authorities to conclude that rescuing banks with public funds (bailout) was the only solution since bankruptcies would generate mimetic panic, systemic risk of escalation and contagion of fear and anxiety as a domino effect leading to instability and disorder. Another reason that 'authorities did not oblige creditors to pay in the crisis, or eliminate the holdings of shareholders was because they did not have a legal mechanism to do so in an orderly manner without causing further financial disruption' (Commission Staff Working Document 2012, 10).

3. Neoliberalism in action

From whatever perspective one approaches the crisis management in the EU it is clear that the *telos* of market order and stability dictates the rationality for the resolution measures. It is just as evident that financial markets characterized by contagious drives and mimetic desire cannot be trusted to arrive at equilibrium automatically, especially in times of severe crisis, but that such an order must be effectively constructed. This does not mean, however, that in such governmental rationality markets were to be displaced by some other mechanism. On the contrary, markets were and are seen as the solution, but markets must be constantly constructed to function effectively. This is the point of departure for both ordoliberalism and US-type neoliberalism. A secret of the management of the present EU-crisis is the recognition that the markets should have been constructed more effectively, in spite of the internal market project. It is being claimed that in order to function optimally, and this coincides with the neoliberal ideal of market order, the markets must be constantly constructed by measures of both *rule* and *governance*. If ruling can be traditionally located in the sovereign legal rules, then the governing can be recognized in all those molecular practices of power which conduct the conduct of humans living together.

The management of the EU-crisis represents a complex, hybrid regime of government, in which neoliberal politics of the 'market' plays a crucial role in attempting to retain and restore market order. Neoliberalism is not only characterized by bail-outs and austerity measures but by its working on the sentiments and expectations of people, whose confidence and trust in the 'system' is of paramount importance. If successful, the neoliberal effect can be recognized in the market-affirmative common sense—or what Thurman Arnold calls 'folklore of capitalism' (Arnold 1937)—which coordinates human conduct. In this article I will not evaluate the success of the neoliberal effort to manage the EU-crisis, but shall focus on the

political predicament of neoliberalism which contradicts and challenges political democracy and democratic politics.

The governmental starting point of neoliberalism is that, even though markets are understood ultimately to solve any problem at hand, markets are not supposed to be 'out there' as a natural given or a gift of nature (God), but these must be constantly constructed by man. It is, though, an open question in what kind of time-span this construction of markets is understood to take place and in what kind of combination between ruling and governing. For this reason, the boundary between classical *laissez faire*-liberalism and neoliberalism is anything but clear.

The ordoliberalists, whose influence on the concrete shape of the European integration has been decisive, were not so hostile towards national sovereign states (ruling), since they actually considered them to have a much more positive and significant role to play in the constant construction of the markets. While approaching the construction of markets within a human life-span, they were not satisfied with an ideological doctrine but wanted to find practical solutions to urgent problems of market societies, and for this pragmatic reason, they did not overlook the sovereign capabilities for ruling and governing markets so that these would better meet their own ideal. This may sound paradoxical but ordoliberalism just like neoliberalism in general is paradoxical liberalism. It acknowledges, at least implicitly, that classical *laissez faire* liberalism was founded upon an antinomy. This is the antinomy of automatic market equilibrium.

Neoliberalism argues that markets must be constantly constructed by agents who have deep trust in their optimality. In its radical form—in the version of Chicago neoliberalism—this implies that state and government are under the supervision of the market and the exercise of political power can be modeled on the principles of the market economy (Foucault 2008, 116). In order to accomplish this neoliberalism was ready to give up the classical liberal conviction that market economy and state politics should be definitely separated from each other, since it deemed it necessary that state politics should be made to serve the economy by adopting its rationality. Therefore, as pointed out by Rob Van Horn and Philip Mirowski (2009, 152), neoliberalism is 'more economically oriented' than classical liberalism. By making state politics systematically subservient to market economy it was thus presumed that both a self-realizing system of market economy and a self-delimiting, if not a self-annulling, system of democratic politics could be simultaneously created. It was argued that by serving the market economy successfully, democratic state politics made itself gradually marginal, if not unnecessary, since the market economy step by step started to function in such an orderly fashion that it provided a perfect balancing mechanism for solving conflicts between particular private desires and interests without negative political intervention.

Various variants of neoliberalism basically differ in their strategic judgment about the degree and speed in which these intertwined processes, often interpreted in terms of behavioral patterns of rational choice, are able to proceed in given circumstances. While ordoliberalists thought that they were just in the beginning of the

process of institutionalizing the promise of market economy, they thought that the sovereign state had still a lot to offer in making the markets function more optimally. For this reason, they emphasized that the state was especially needed to guarantee the optimal conditions of the market which, above all, meant the organizing of the market order as an order of competition (Foucault 2008, 138, 141). Neoliberals of the Chicago school, however, presumed that trust in the market economy had become common sense in America and hence recognized no need to emphasize the positive role of the state in hardly any connection. In fact, the Chicago-type neoliberalism saw a real chance for generalizing the economic form of market rationality across all domains of life (Foucault 2008, 243, 323). Symptomatically Gary Becker talks about economics of life (Becker 1992). The insight behind this slogan was also quite familiar to ordoliberalists. Rüstow talked about a politics of life, a 'Vitalpolitik', and evidently understood by it an entrepreneurial ethos of life, which was necessary for an active, vigilant mode of neoliberal government (Foucault 2008, 133, 148). Entrepreneurialism can be seen as a real link between these two variants of neoliberalism. Both of these understood the *homo æconomicus* as an entrepreneur (Foucault 2008, 226).

4. Paradoxical neoliberalism

Neoliberalism challenges the neo-classically understood logic of advanced capitalism on the grounds that the conditions of markets must be constantly constructed by man, and so the market order cannot be automatically taken for granted, but must be rationally promoted. But what do the construction of conditions for markets and the promotion of market order actually mean? Neoliberalism realizes that capitalist markets can function optimally (in line with their ideal) only on the condition that these are run by market agents whose policies express deep trust and confidence in their optimal functioning. It is not sufficient to assume that this kind of optimal result can be achieved by 'markets alone'. Neoliberalism has taken up the task of promoting this trust and confidence by celebrating markets in all conceivable means. Neoliberalism exercises a *politics of knowledge and truth* which aims at making us up as self-reliant entrepreneurial individuals.

Neoliberalism seems to recognize that the antinomic logic of (neo)classical liberalism necessarily moves in circles, while it proves the equilibrium of the system by positing the conclusion as a premise. In this reasoning the 'system' must be already in equilibrium in order to be in equilibrium, which is reflected in the 'proof'. In this sense, the equilibrium as order could be understood as circular-causal 'betweenness' of these terms (Korzybski 2000, 152). The practical paradox of neoliberalism is that it takes this circular reasoning one step further by actually claiming that the capitalist market economy functions optimally when it is believed and trusted that it functions optimally. Therefore, neoliberalism as an international thought-collective, at least ever since the Walter Lippman Colloquium, embarked on a mission to build up, reinforce and consolidate this belief and trust in the capitalist market economy—manifest in credibility, confidence and reputation—both in theory and practice.

Neoliberalism has been so successful globally in its politics of knowledge and truth that since the 1970s it has succeeded in becoming almost common sense, especially in the international networks of top managers, notable policy-makers, power players and other such dignitaries. Neoliberalism has penetrated deeply into the social fabric of different societies, also in Europe. This is rather a sentimental than a rational outcome, if by rationality we mean something like consistency in economic modeling. One of the most efficient means of neoliberal influence has been the commodification of its thought-forms as books and articles, policies, editorials, commercials, awards, managerial advice, consultations, movies, fashion shows, guidelines, text-books, evaluations, columns, elections, media performances and other spectacles. Perhaps the success of its influence is that it has operated in the capitalist markets—in financial markets, commodity markets, law markets, policy markets, science markets etc.—while it has simultaneously aimed at reinforcing the belief and trust in these markets. It is, therefore, not at all accidental that the triumph of neoliberalism coincided with the increasing frenzy and mania taking hold of the financial markets in the 1990s when the craving for easy money and high profits, risky speculations and hedging against risk, dud borrowings, trading with financial derivatives and like measures became a kind of ‘monetary mimesis’ backed up by the definite belief and trust in the optimal functioning of the capitalist financial markets. As we now know, this belief and trust was quite ill-founded. The EU-crisis is one testimony of the consequences of this euphoria.

The irony of the management of the EU-crisis is that it tries to solve this crisis with similar neoliberal measures and means which were crucially responsible for the generation of the crisis in the first place. The outspoken rationality of this crisis management is to restore the trust of the markets which is a reason that by ‘personifying’ the markets all of us are constantly being warned not to irritate the markets in any way since that would only make the markets mad and furious, and we would all have to carry the grave consequences of this disorder and imbalance. With this gesture of restoration there takes place a symbolic twist in words: in this crisis it is argued that markets must trust us, while before the crisis we were encouraged to trust the markets. This is a symptomatic and significant reversal of words, but it really does not change the neoliberal argument, but only supplements it with a warrant. It claims that *markets are now testing our trust in the markets*.

5. Political logic of populism

The neoliberal rationality of government, as it is applied in the EU crisis management, could be contrasted with political populism. I cannot agree with this claim. Rather, I argue that the neoliberal EU crisis management venture resembles the *political logic of populism*. This argument claims that the neoliberal mode of governing is both political and populist as it represents the populist politics of the market, the main aim of which is to build up and reinforce people’s trust and belief in the market. This kind of neoliberal populist politics, however, has quite opposite aims than the cultural-conservative, nationalistic and plebeian populism present in many

European countries, even though it follows quite a similar logic. This is a surprising argument which must be further clarified.

Ernesto Laclau interprets populism to refer to a political logic rather than a type of political movement (Laclau 2007). Laclau argues that such logic is composed of the *logic of difference* and the *logic of equivalence* (or of similitude), which are the two modes of constructing social subjectivity. These were understood traditionally in terms of social differentiation and social homogeneity (Laclau 2007, 61, 78). In the first mode, a particularity of isolated democratic demands is asserted or confirmed. In the second mode, isolated demands through their equivalential articulation are transformed into popular demands, as if expressed naturally from the lips of the 'everyman,' while simultaneously drawing an internal antagonistic frontier ruling out the claims of the opponent. Therefore, through their appeals to speak for the 'everyman,' a plurality of isolated democratic demands are transformed into popular demands which can, then, constitute 'people' as a potential historical actor. Here we have, in embryo, a populist configuration and the two clear preconditions of populism: an equivalential articulation of demands making the emergence of 'people' possible, and the formation of an internal antagonistic frontier separating 'people' from power (Laclau 2007, 74).

The tentative conclusion is clear: populism emerges to the extent that the expansion of the equivalential logic takes place at the expense of the differential one. Even though Laclau equates the differential logic with isolated democratic demands, he does not explicitly contrast populism with democracy, since he does not relate 'democratic demands' to any kind of democratic regime. He emphasizes that these democratic demands, though, must be formulated by an underdog of sorts, and that their very emergence presupposes some kind of exclusion or deprivation (Laclau 2007, 125). I do not personally think that these qualifications are necessary, since the driving forces of populism need not be related to underdog positions or deprivation, but can be quite well generated by different kinds of dissatisfaction, anxiety, frustration and even rage towards the rival political paradigm. I argue that the populist reason, which downplays the differential logic, actually contradicts democracy whatever the particular mental dispositive behind it. In order for a populist political construction of social subjectivity to succeed, the equivalential chain has to be condensed around empty signifiers (popular identity) with maximum coverage of demands (extension) with minimum content (intension). For Laclau, this kind of design of populist reason is still too simple. Two further qualifications have to be introduced (Laclau 2007, 78-79, 117-127).

Firstly, since there is no direct conceptual transition or semiotic passage from differences to equivalences, something qualitatively new has to intervene: the retroactive effect of *naming*, which actually specifies how empty signifiers operate in this populist political construction. The name itself, the signifier, supports the equivalential ensemble. In this way a part can function as a representative of the whole, just like a *plebs* can claim to be identical with, and to represent, the *populus*. Secondly, both difference and equivalence have to reflectively relate to each other

so that the logic of the displacements at the political frontier between antagonistic forces is addressed. In this manner oppositions and antagonisms between substantial issues and interests and their exponents could be, for example, displaced or overcome by a plea for patriotism with which all responsible citizens should identify. For this purpose, the distinction between 'empty signifiers' and 'floating signifiers' becomes pivotal. Floating signifiers reveal how displacements of this frontier take place, how the meaning of particular demands is indeterminate between alternative equivalential frontiers. The crucial reason for this indeterminacy is that the equivalential chain is not only opposed to an antagonistic force, but also to that which does not have access to a general space of representation. Laclau calls this type of exteriority *social heterogeneity*, and it could be related e.g. to the 'bull's eye population', to 'people without history' or the 'socially most disadvantaged' (Laclau 2007, 110-111, 123-124, 129-132, 139-156).

Even taking account of these more complex qualifications the crude political logic of populism can be claimed to be quite simple. Populism is basically linked with the equivalential construction of the 'people' so that politics can be then exercised in the 'name of the people'. The populist political construction of the social subjectivity is, thus, a question of representation by naming so that a part (plebs) can represent the whole (populus). This is a discursive construction of the social subjectivity by means of 'empty' and 'floating' signifiers. Representation must be, thus, understood as a two-way-movement between the representative and the represented so that the represented are both constituted and constitutive of representation (Laclau 2007, 157-171).

6. Populist politics of the market

Ernesto Laclau argues that neo-liberalism, just like welfare state rationality, accepts only the differential logic as the legitimate way of constructing the social subjectivity and, thus, any social needs and isolated demands should be met differentially. Laclau claims that neo-liberalism, thus, presents itself as a panacea for a fissureless society (Laclau 2007, 79). I quite disagree with Laclau, who does not seem to pay enough attention to the distinction between classical liberalism and neo-liberalism concerning the relation between market economy and politics. Neo-liberalism can only be said to present itself as a panacea for a fissureless society, i.e. through order and stability, by exercising a politics of the market which follows a specific political logic. Since neoliberalism argues that markets can function optimally only on the condition of belief, trust, confidence and reputation, it is necessary to have a neoliberal politics of the 'market' to reinforce these sentiments. My argument is that such a neoliberal politics of the market follows a political logic very similar to that of populism.

Laclau gives us an outstanding example of the successful politics of the 'market' by referring to the year 1989 in Eastern Europe: 'For a short time after 1989, for instance, the "market" signified, in Eastern Europe, much more than a purely economic arrangement: it embraced, through equivalential links, contents such as

the end of bureaucratic rule, civil freedoms, catching up with the West, and so forth' (Laclau 2007, 95). This example points out how the 'market' was made to signify the positive symbol of government or the symbolic framework of society (Laclau 2007, 107), which nurtured confidence and trust. In this case, the 'market' was constructed politically, although it is quite another question as to what was the role of neoliberal rationality in that construction. It is evident that the political construction of the 'people' and the political construction of the 'market' can follow a very similar political logic.

The might of the 'market' could be characterized as 'virtual', 'abstract' or 'gaming', but none of these really capture the un-nameable quality of this might, which is equivalentially articulated. The might of the 'market', just like the power of the 'people', draws its strength from the coherence or unity of the equivalential ensemble as an object of identification—popular identity—which is guaranteed by the empty character of signifiers (Laclau 2007, 98). Popular identity functions as a tendentially empty signifier. When we talk about empty signifiers, in Laclau's sense, 'we mean that there is a place, within the system of signification, which is constitutively irrepresentable; in that sense it remains empty, but this is an emptiness which I can signify, because we are dealing with a *void* within signification' (Laclau 2007, 105). Laclau suggests that the 'void within signification' could be compared with the *zero* as the absence of number. He proposes, that by giving a name to that absence, it is possible to transform the 'zero' into a 'one' (Laclau 2007, 105). This is a crucial clue to understanding how the might of the 'market' functions in financial capitalism in the form of money, capital and above all 'xenomoney' such as derivatives, and how the neo-liberal politics of the 'market' exalts this might to gain popular support for its rationality.

In today's financial capitalism 'xenomoney' as a sign, which creates itself out of the future, makes it easier to understand why and how this self-referential system ran into deep crisis. This crisis was especially accelerated by the neo-liberal politics of the 'market' which built up trust and confidence in this 'system' by way of identification, imitation and mimesis. So far I have argued that the political construction of the 'market' follows quite a similar logic to that of the populist political construction of the 'people'. But is this neoliberal politics of the 'market' really populist? In this case the differential demands, which need not express any kind of deprivation even if they stem from a lack of desire satisfaction, are also equivalentially articulated and are transformed into popular demands constituting a broader social subjectivity, which makes the identification with the 'market' possible. The neoliberal political construction of the 'market' refers to the construction of the 'market identity', i.e. trust and confidence in the market, which is condensed around empty signifiers. The identification with the 'market' can mean identification with the 'capitalist market' or the 'capitalist financial market', or just identification with 'capital'. The identification with 'capital' is particularly intelligible in the discourse about varieties of capital, which are prefixed with subjective characteristics such as human capital, intellectual capital, social capital, religious capital etc. It is no big surprise that these varieties

of capital have been especially developed and advanced by the Chicago neoliberal school of economics.

Just like the *pleb* sees itself as the *populus* in the populist discourse, so in the neoliberal discourse the entrepreneur (as homo oeconomicus) is pictured as embodying the legitimate 'market identity'. With this rhetorical trope of *synecdoche*, in which a part represents the whole, the neoliberal politics of the market finds in the *entrepreneur* an excellent and concrete figure for popular identification. In this figure of the entrepreneur the neoliberal politics perfects the 'market identity' as an ideal totality. In this way, the equivalential relations are crystallized in a certain discursive identity of an entrepreneur. Representing the equivalential link as such, the entrepreneur expresses the aspiration of a partiality or singularity to be seen as the social totality or universality. The plurality of equivalential links, kept together only by name (money, capital), becomes a singularity through its condensation around the popular identity of the entrepreneur (Laclau 2007, 93-94, 100). This reasoning leads to an interesting conclusion:

The less a society is kept together by immanent differential mechanisms, the more it depends, for its coherence, on this transcendent, singular moment. But the extreme form of singularity is an individuality. In this way, almost imperceptibly, the equivalential logic leads to singularity, and singularity to identification of the unity of the group with the name of the leader. (Laclau 2007, 100.)

This is again no big surprise since the 'dirty little secret' of neoliberalism is that it represents politically authoritarian liberalism which criticizes political democracy from the exceptional point of view of the *entrepreneur* as an ideal leader: the manager.

Finally, the neoliberal politics of the 'market' fulfills another of the necessary preconditions of populism: the formation of an internal frontier separating the advocated popular identity from its antagonistic rival. In the standard version of populism this antagonistic frontier separates the 'people' from power (Laclau 2007, 74). In the neoliberal configuration the internal antagonistic frontier separates the 'market' and the 'rule of law' from the 'plan'—which is perhaps most explicitly stated in Hayek's *The Road to Serfdom* and *The Constitution of Liberty* (Foucault 2008, 172, 182). The discursive construction of the 'plan' and 'state intervention' as the antagonistic force to the 'market' and the 'entrepreneurial ethos' makes it possible for neoliberalism to depict society as staging two irreducible camps structured around two incompatible equivalential chains. The radicalness of this antagonism between the two camps involves its conceptual irrepresentability (Laclau 2008, 83-84), since the two camps do not have any common language to handle their conflict. This makes it understandable why 'naming' rather than 'conceptual determination' provides the mode in which the neoliberal politics of the 'market' expresses itself (Laclau 2008, 101).

It is noteworthy that the antagonistic internal frontier is drawn by

neoliberalism between the 'market' and the 'plan' or such 'state interventionism' which interferes with the functioning of the market. Traditionally these forces behind state intervention and planning have been equivalentially linked with the mindset of the political left and the working class. The innovative quality of the neoliberal politics of the 'market' can be recognized in the manner in which it blurs the traditional dichotomic frontier between these two camps, by downplaying the opposition between capital and labor and between the entrepreneurial class and the working class. In the discourse of the neoliberal politics of the 'market' there takes place a crucial displacement of internal antagonistic frontiers by floating signifiers so that there is no longer any place for the opposition between capital and labor, since we all could and should adopt an entrepreneurial identity. As entrepreneurs we are ourselves responsible for what happens to us in life, for good or for bad, and, therefore, there is no need to blame or praise something beyond our own radical personal investments in us. There is no reason to blame the market for ills or ask the state for help when in trouble. This is the final piece of evidence that the neoliberal politics of the 'market' follows the political logic of populism as it points out how, in this discourse, the 'market', just like in traditional political populism the 'people', is eulogized as the 'sacred' beyond critique.

7. Beyond democratic political judgment

The distinction between the liberal and the neoliberal politics of the 'market' is not often easy to make, although it is analytically quite clear. While both of them can argue that the 'market' is the optimal mechanism for managing the economy, the neoliberal politics of the 'market' goes much further by claiming that the 'market' is an optimal mechanism for the overall management of social transactions. However, in order to function optimally the 'market' and the 'market identity' have to be politically constructed. This construction follows the political logic of populism. This kind of political rationality has radical implications for judging political democracy. My basic argument is that the neoliberal politics of the 'market' not only attacks the 'plan' and 'state interventionism' as an antagonistic rival but also challenges political democracy as an outdated, crisis-ridden decision-making mechanism—something that classical liberalism does not do. A classic example of this kind of critical challenge was offered by the programmatic study *The Crisis of Democracy* ordered by the Trilateral Commission in the middle of the 1970s (Crozier, Huntington & Watanuki 1975).

The conclusion of the Trilateral Commission study was that democracy must be governmentally limited in order to better manage the flood of all isolated democratic demands encouraged by a democratic political system. It was suggested that a new governmental system of signification should be equivalentially articulated for governing democracy effectively. This is a neoliberal proposal which blurs the classic liberal distinction between economy and politics, since it definitely aims at making 'state' and 'politics' serve the market economy in the name of competition and efficiency. The new neoliberal regime is equivalentially articulated in the

language of 'governance' which, thereby, serves in the delimiting displacement of political democracy.

There are good studies which show how the neoliberal politics of the 'market' takes place. Nicolas Jabko's study *Playing the Market* (Jabko 2006) examines how the gradual liberalization of electricity supply in the EU was accomplished especially due to the determined political utilization of the 'market' as a norm exercised by the EU Commission. Without labeling the Commission's endeavors neoliberal he examines how this politics of the 'market' as the norm reshaped the expectations of the main actors, and exploited effectively 'ceremonial elements' of naming (calculating), and, in every turn, made a plea to market efficiency and competition applying also tactically the stick of competition law (Jabko 2006, 99, 101-102, 104, 107-108, 119).

While admitting that interests, ideas and institutions played a role at various points in this process of electricity liberalization, Jabko concludes that the most powerful force behind the liberalization was the politics of the 'market' exercised especially by the Commission (Jabko 2006, 119-120). Jabko, though, emphasizes that the norm of the 'market' does not in itself explain the success of the electricity reform, since this politics of the 'market' took place in a complex, strategic field of forces, where many different players had a role to play, and not just the Commission or the neoliberal forces. The example of the electricity supply liberalization, just like other European privatizing reforms of collective services, reminds of the fact that market pressures alone would not have been sufficient to bring about fully fledged liberalization (Jabko 2006, 95-96).

In his book *Imagining Markets. The Discursive Politics of Neoliberalism* P. W. Zuidhof gives a remarkable example of the neoliberal politics of the 'market': 'terrorism market'. The Defense Advanced Research Projects Agency (DARPA) unit of the US Department of Defense headed by John Poindexter, in the early 2000s, had developed a 'terrorism market' as a tool to predict the likeliness of future terrorist attacks, i.e. 'a version of policy markets used to predict events by creating a virtual market where predictions are traded as futures' (Zuidhof 2012, 2). Even if some prominent US senators, at first sight, thought that this news was just a distasteful joke, they soon realized that this was not the case, and, therefore, mobilized an opposition to the program (Zuidhof 2012, 2). Irrespective of its fate, the 'terrorist market' makes the point that in the neoliberal mindset 'it is not unthinkable to imagine a market for basically anything' (Zuidhof 2012, 5). In fact, there is now a market for basically everything, also in Europe.

In a similar manner to Ernesto Laclau, P.W. Zuidhof claims that the 'market' is increasingly perceived as the panacea for any political question (Zuidhof 2012, 5). Zuidhof's acute claim is that neoliberalism is best understood as a kind of discursive politics of the 'market metaphor' which is so elusive that it cannot be reduced to only one or two definite versions (Zuidhof 2012, 5, 10-11, 17, 21, 117, 119, 123-125). What is at stake in all neoliberal efforts, in marketing the 'market solution' to just about any politically conceived problem at hand, is not only to propose the 'market' as a substitute for the state (Zuidhof 2012, 11) but also to challenge political

democracy. Zuidhof refers to the cultural critic Thomas Frank, who has emphasized how the 'market' has been, by now, turned into a cultural icon in such a fashion that this brand could be called 'market populism' (Zuidhof 2012, 8; Frank 2001, 29). P.D. Zuidhof emphasizes the distinction between ordoliberalism and the US neoliberalism. Zuidhof relates this distinction to different kinds of constructivism:

The market constructivism of American neoliberalism is [...] much more radical than its German version [...] Where the latter was primarily concerned with the active organization of the economy along the precepts of a competitive market, the American view radically reconstructs virtually every form of social action using the market grid of intelligibility. As opposed to the real or factual constructivism of the German school, the constructivism of the American school is primarily a kind of hypothetical or counterfactual constructivism. This counterfactual character is a rather logical consequence of the extension of the market beyond the scope of what counts as the real economy. The market constructivism of American neoliberalism is hence wider in scope but somewhat more virtual than the constructivism of the German neoliberals. (Zuidhof 2012, 146.)

I am convinced that neoliberalism as a politics of the 'market' challenges political democracy in general, and that the US version of neoliberalism does so in particular. In doing so it actually reminds of the political logic of populism which also argues counterfactually as if there were available unanimous and fully informed decisions by the popular leader for all the particular issues on agenda, or unanimously agreeable and valid answers to all the particular problems at hand. The difference is naturally that neoliberalism asks us to trust and identify with the 'market' rather than the political leader, but indirectly it also asks us to trust the protagonists of the market forces such as entrepreneurs, shareholders and managers.

To make my point about neoliberalism's critique of political democracy more clearly, I shall take advantage of the Douglas-Wildavsky chart of four problems of risk, in which risk is seen as a joint product of knowledge about the future and consent about the most desired future prospects (Douglas and Wildavsky 1982, 5). In facing political challenges understood as risks to order and stability, neoliberalism is inclined to 'domesticate risks' by positing them as technical problems to be solved by calculations made in the market. In this fashion problems and their solutions are performatively staged in a diagram in which consent about future prospects and alternatives is presumed to be complete while knowledge about the future is assumed to be certain.

In the context of political democracy, where proposed answers and solutions to complex political problems can be contested—just like the validity of the truth-claims and arguments behind these answers and solutions can be questioned—neoliberal assumptions (about technical calculability) must be seen as counterfactual. Problem-solving and action is possible in political democracy only if we understand ourselves to be living in a world situated between absolute certainty and absolute uncertainty.

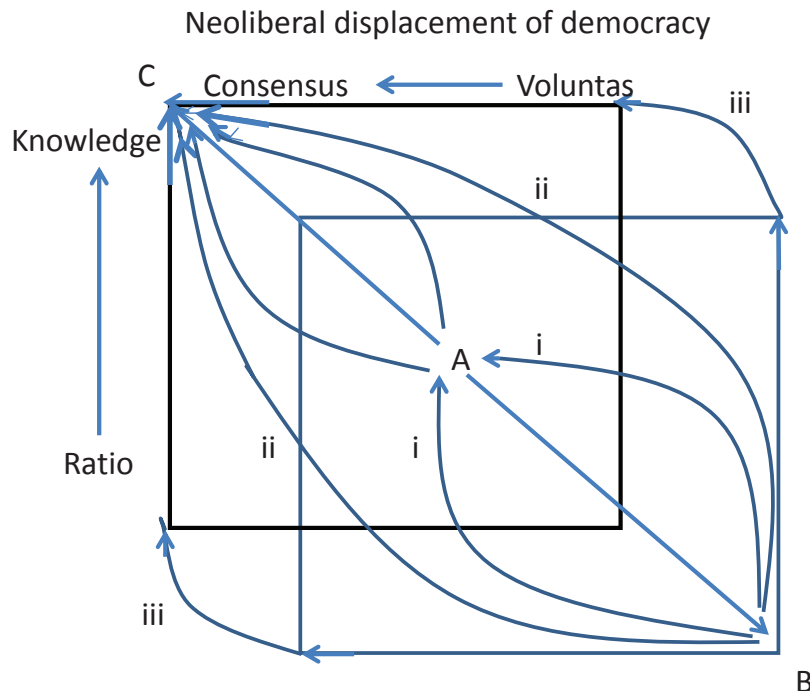
This way of framing the question reminds of the contrast between the equivalential logic of populism and the differential logic of democracy.

There are different versions and different degrees of populism and neoliberalism, which basically depend on how the logic of equivalence and the logic of difference function in their diagrams. The most extreme mode is made possible by understanding the equivalential articulation to express complete consent and perfect certainty of knowledge, while the isolated differential demands are seen as including opposite expressions of a situation characterized by complete dissension and comprehensive uncertainty. In such a setting radical populism or neoliberalism is claimed to provide an optimal, unanimous and valid answer to problems, which are seen as impossible to solve due to complete dissension and comprehensive uncertainty. The only mode to conceive this as a possibility is pure counterfactuality, perceiving the world as if it complied perfectly with the neoliberal market model(ing). It is precisely this counterfactual strategy which challenges political democracy by displacing or passing it as an arguably inefficient and expensive means of managing humans, things and their relations.

In order to get a better picture of how ordoliberalism and the Chicago neoliberalism challenge political democracy, by following either a strong and radical counterfactual strategy (the Chicago version) or a weak and moderate counterfactual strategy (ordoliberalism), a chart *Neoliberal displacement of democracy* is drawn. In this chart the neoliberal politics of the 'market' is pictured to proceed in four major stages. First, the mobilization of the neoliberal strategy starts in the democratic political field (A), where it must compete with other political forces. Second, one can recognize, next, the neoliberal formation of an internal antagonistic frontier separating the 'liberal market' from the 'repressive plan' (B) and an equivalential articulation of demands making the emergence of the 'liberal market' possible (C). Third, it becomes evident that the more counterfactually the neoliberal strategy argues in offering the 'market' as the solution to problems at hand, the more decisively this neoliberal policy aims at bypassing or displacing political democracy. Accordingly, two trajectories can be drawn in the chart for illustrating how the US neoliberalism expresses strong counterfactualism as a radical challenge to political democracy (iii), and how ordoliberalism expresses weak counterfactualism as a moderate challenge to political democracy (ii). Fourth, neoliberalism can be finally understood to present itself performatively as the protagonist (C) of fully informed (ratio) and completely legitimate or unanimously acceptable (voluntas) answers and solutions to current problems on the agenda. This kind of performative politics of the 'market' finds expression in spectacles of truth.

I have titled the chart as *Neoliberal displacement of democracy* to emphasize that ultimately the neoliberal politics of the 'market' not only challenges 'state interventionism' or 'planning' but political democracy. It does so more or less gradually, since it aims at making itself unnecessary as politics originally rooted in the democratic field (A). This is a paradoxical challenge from the outset, since neoliberalism represents politics pushing off from the democratic field while aiming

at finding a trajectory of governance, which is altogether above democratic discussion and deliberation. The chart *Neoliberal displacement of democracy* can be outlined in the following figure:



This chart 'Neoliberal displacement of democracy' pictures the neoliberal politics of the 'market' in terms of its scope or range and its degree or order. The more extensive is the scope or range and the higher the degree or order, the more radical neoliberalism is. The scope or range of neoliberalism increases in relation to the distance between the logic of difference (AB) and the logic of equivalence (AC), i.e. in relation to the real arduousness of the problem-solving task. It is possible to speak about short-range, middle-range- and long-range-problem solving efforts according to increasing arduousness. Radical neoliberalism can be claimed to treat many pragmatic short-range or middle-range problems as if they were long-range problems for which it offers ideologically premised abstract answers. The degree or order of neoliberalism increases in relation to the distance between its own problem-solving trajectory from the field of political democracy. It is possible to speak about different degrees of counterfactuality typically concealed in the foundational premises and assumptions of given problem solving arguments.

The difference between German ordoliberalism and the US neoliberalism is pictured in the chart as the two trajectories (ii and iii) that are drawn especially due to their different degrees of counterfactuality. The radically counterfactual US neoliberalism avoids re-entrance into the field of political democracy when introducing its (technically calculated) solutions and answers presented as fully informed and unanimous decisions made by the markets. The German ordoliberalism is more pragmatic and open-minded to democratic deliberation

in presenting its own market-based solutions to problems, which are perceived from a more middle-range perspective. Ordoliberalism, though, diverges from such democratically anchored problem-solving practices (trajectory i), which start by acknowledging the agonistic and conflictual nature of the issues on the agenda (B) and by seeking to present suggestions and solutions for public discussion and deliberation in the democratic arenas (A). These suggestions cannot be understood as fully informed or unanimous. The crisis management measures in the EU formulated and orchestrated by a closed circle of transnational agencies and actors beyond democratic control, on the contrary, tend to be marketed as the only valid alternative available, viable and acceptable. This is an authoritarian solution.

From the democratic perspective neoliberalism is authoritarian. The neoliberal politics of the 'market' reminds of the political logic of populism, but instead of confidence in the 'people' and their representative, 'the political leader', it is based on the confidence in the 'markets' and their representative, the 'economic(s) man'. The authoritarian quality of neoliberalism is basically *symbolic* in the sense that we are asked to freely but unquestionably identify with the 'market metaphor'. The neoliberal politics of the 'market' means governing with symbols and ruling with words in the same sense that Thurman Arnold spoke a long time ago of symbols of government (Arnold 1935) as the common folklore: the folklore of capitalism (Arnold 1937). The crucial factor in the functioning of this folklore is the mimetic mechanism of identification and imitation—the 'Is' of Identity (Korzybski 2000; Burroughs 1999)—which is also the main medium in the displacement of the political democracy of representation. By displacing representation by mimetic identification with the right answer, the neoliberal politics of the market exercises a politics of truth, a truth that has been contested in this article.

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