

The Legitimation Crisis of Neoliberalism

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The State, Will-Formation, and Resistance

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Alessandro Bonanno

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INTRODUCTION

Dwelling on Habermas's¹(1975) seminal analysis of the legitimation crisis of regulated capitalism, reviewing the characteristics and crisis of Fordism and the Fordist state, and analyzing the ideology and practices of neoliberalism, this book offers a *theory of the legitimation crisis of neoliberalism*.² Neoliberalism is defined as a social, political, and economic regime that is based on a set of original ideas, a discourse with roots in intellectual and popular cultures and a set of policies and political measures that support free-market capitalism and global corporate actors. Neoliberalism, it is argued, is affected by crises of system integration and social integration. The crisis of system integration refers to the inability of dominant market mechanisms to address problems associated with capital accumulation and social stability. As the market does not provide adequate solutions to current problems, attempts to solve these problems are carried out through state intervention. This crisis resolution, however, is inadequate at least on two levels. On the one hand, it contradicts neoliberal claims of the superiority of the functioning of the market and calls for the creation of more markets to address these crises. On the other, current forms of the state are incapable of offering adequate levels of control and regulation of global capitalism. These structural limitations are complemented by political limitations, for the state remains part of the neoliberal project and operates within neoliberal discourses. At the level of social integration, the crisis refers to the unmet neoliberal promises of generalized economic growth and social well-being and failed attempts to justify socio-economic inequality. Corporate power, socio-economic instability and uncertainty,

poor economic growth, inadequate availability of jobs and career opportunities, and the concentration of economic and social rewards in the hands of a privileged upper class have created high levels of dissatisfaction. As a result, the legitimation of neoliberalism based on references to the efficient and effective functioning of the market (ideological legitimation) is exhausted while wealth redistribution practices (material legitimation) are not practiced and, in fact, considered unacceptable.

Despite these problems, resistance to neoliberalism remains weak. Strategies and actions of opposition have been shifted from the sphere of labor to that of the market creating a situation in which the idea of the superiority and desirability of the market is shared by dominant and oppositional groups alike. Even emancipatory movements such as women, race, ethnicity, and sexual orientation have espoused individualistic, competition-centered, and meritocratic views typical of neoliberal discourses. Moreover, corporate forces have colonized spaces and discourses that have traditionally been employed by oppositional groups and movements. However, as systemic instability continues and capital accumulation needs to be achieved, change is necessary. Given the weakness of opposition, this change is led by corporate forces that will continue to further their interests but will also attempt to mitigate socio-economic contradictions. The unavailability of ideological mechanisms to legitimize neoliberal arrangements will motivate dominant social actors to make marginal concessions (material legitimation) to subordinate groups. These changes, however, will not alter the corporate co-optation and distortion of discourses that historically defined left-leaning opposition. As contradictions continue, however, their unsustainability will represent a real, albeit difficult, possibility for anti-neoliberal aggregation and substantive change.

THE LITERATURE ON THE CRISIS OF NEOLIBERALISM

The argument of the book is based on, and adds to, the now vast literature on *the crisis of neoliberalism*. The Great Recession of 2007–08 engendered a number of studies that proposed the thesis of the unsustainability and imminent end of the neoliberal regime. Consequently, however, as neoliberalism did not end, a wave of works stressed its enduring power. This literature can be organized into two groups. One of them contains

analyses that stress *neoliberalism's economic contradictions* (e.g., Bellamy Foster and McChesney 2012; Duménil and Lévy 2011; Kotz 2015; Lapavistas 2012; Overbeek and van Apeldoorn 2012; Stiglitz 2013, 2016). The primary strength of these works rests on the accuracy of their analyses of the economic limitations of neoliberalism. Emphasizing the so-called retreat of the state, they contend that while social programs have been drastically reduced and the economy deregulated, the state remains a necessary actor in the functioning of the “free” market. Yet, the intent to address crises through the creation of new markets creates disequilibria that the state cannot control. The gist of these works is that the economic proposal of neoliberalism is now exhausted. While convincing, these works share the limit that they do not pay adequate attention to the contradictions of the social system and the elements necessary for the reproduction of social stability.

This is the defining contribution of another group of works that primarily probes *the social and ideological dimensions of the crisis of neoliberalism* (e.g., Block and Somers 2014; Bloom 2016; Brown 2015; Crouch 2011, 2013; Dardot and Laval 2013; Mirowski 2014; Streeck 2014). Criticizing accounts that equate the Great Recession with the end of the neoliberal regime, these authors explain not only the manner in which neoliberalism shapes social relations, but also the way in which its power is reproduced. Additionally, some of them have the merit to develop their critiques through the lenses of classical works. Block and Somers (2014), for instance, employ Karl Polanyi's theory to argue that the dominant position of neoliberalism is explained by the convincing arguments of the neutrality of the market and the unfalsifiability of the theory of supply and demand. Similarly, Brown (2015) and Dardot and Laval (2013) employ Michel Foucault's theory to stress the ideological clout of neoliberalism and the manner in which this ideology has shaped the functioning of society. In essence, while social and ideology aspects take center stage in the analyses forming this camp and despite references to legitimacy construction and its importance, these works present scant discussions of the conditions that allow for the development of social legitimation, its crisis, and the systemic nature of this crisis. These items are probed in this book.

POSSIBLE ALTERNATIVES

A more detailed review of this recent scientific production adds to the clarification of the debate. Among the studies on the crisis of neoliberalism, a group probes the issue of post-neoliberalism by analyzing *possible alternatives* to the current situation. This group is exemplified by the works of Kotz (2015) and Crouch (2011, 2013). A supporter of the idea that neoliberalism has reached its final crisis, the objective of Kotz's economic-oriented study is to uncover the roots of the unsustainability of neoliberalism. He contends that this is a structural crisis of capitalism for it cannot be resolved either through the implementation of new forms of financial regulation or traditional Keynesian policies. Neoliberalism's growing inequality, large asset bubbles, and speculative and risk-seeking financial activities gave rise to the long-term trends that generated the 2007–08 crisis and the post-crisis stagnation. These conditions, he contends, cannot be changed because they constitute the essence of the neoliberal model that replaced Fordism. In this model, reduced wages and restructured social spending engendered raising profit and stable capital accumulation at first. However, they also created processes of consumer spending based on personal debt. As a series of financial bubbles began to emerge in the 1980s and continued to destabilize the economy in the following decades, wages and social spending did not grow allowing the destabilizing growth of personal debt. Once the expansion of debt reached unsustainable levels, the crisis emerged in all its seriousness. Given the fact that, at least in the USA, different administrations have not been able to alter the power of financial actors and the conditions that allow their domination of the economy, the current instability is destined to continue. Yet, for Kotz, four future scenarios are possible. The first consists of the reproduction of the status quo with the continuation of neoliberalism. The second involves the introduction of a "business regulated capitalism" which rests on the corporate regulation of the economy. The third scenario calls for the establishment of a social democratic capitalism reminiscent of the Fordist regime. The final scenario consists of the establishment of a socialist system that would dwell on recent movements and episodes of opposition such as the "Occupy" movement and the establishment of socialist experiments in Latin America (Venezuela and Bolivia). While interesting, the description of these future scenarios fails to include a substantive discussion of the actors and conditions that would engender their actual

development. Accordingly, the proposition of these alternatives ultimately remains highly abstract.

Underscoring the social and ideological dimensions of the crisis of neoliberalism, the analysis proposed by Collin Crouch (2011, 2013) indicates that, despite the financial collapse of 2007–08, neoliberalism has grown stronger for the post-crisis reorganization of the economy has been based on the continuous application of the neoliberal ideology. In his view, market principles continue to represent the dominant standards for the functioning of virtually all social, political, and economic institutions while monetary transactions and payments represent the moral foundations of society. While neoliberals claim that the state should not address socio-economic issues, the intervention of the state is fundamental for the existence and domination of neoliberalism. Moreover, he contends, the dominant idea that the government must adapt to the market in order to be effective and efficient conceals a reality in which governments are actually adapting to the interests of large corporations. Rather than the marketization of the economy and society, neoliberalism consists of the corporatization of the economy and society. In the neoliberal society, corporations dominate by defining the ideological conditions of its functioning and allowing debt to be the dominant form through which people are controlled. As this domination is difficult to oppose, the contradictions of corporate neoliberalism are severe and the system experiences a crisis. While Crouch views the limits of the political left as the major obstacle to the construction of a substantive alternative, he hopes that forces in the civil society will create an effective opposition. In his view, the real alternative to neoliberalism is represented by the construction of a social democratic society. As in the case of the analysis of Kotz, however, it remains unclear how a social democratic system could be transformed from a hope into an attainable outcome.

THE LIMITS OF THE LEFT AND SUGGESTIONS TO OVERCOME THEM

Another group of scholars provides similar critiques of the characteristics of neoliberalism but adds by focusing on the *limits of the left opposition* and suggesting *corrections* to its anti-neoliberal strategies. Philip Mirowski (2014; see also Mirowski and Plehwe 2009) is an exemplary representative of this group. Like in the case of Crouch, his analysis of the ideological

characteristics of neoliberalism is incisive and, like in the case of Kotz, his review of the economic conditions that destabilize neoliberalism is to the point. Also like Crouch, Mirowski belongs to that group of critics that underscore how the crisis of 2007–08 and the Great Recession that followed did not alter the economic and ideological domination of neoliberalism. Central among the points that he makes is his argument about the limits of the economic theory of the traditional left. In particular, he criticizes mainstream left economists, such as Nobel laureates Paul Krugman and Joseph Stiglitz, for proposing established forms of state directed economic intervention to rectify the problems generated by the implementation of neoliberalism. He contends that the state is a neoliberal state and, as such, does not, by itself, represent an alternative to neoliberalism.

Dwelling on a detailed analysis of the evolution of neoliberal theory, he stresses the constructionist character of neoliberalism. For neoliberals, Mirowski points out, markets are socially created and the role of the state is to maintain and create new markets. Simultaneously, the so-called impartiality of the functioning of the market argued by neoliberals is, for Mirowski, one of the most deceiving elements of this theory, for neoliberalism constructed a system that not only benefits exclusively the upper class but also effectively justifies this outcome. By stressing the effectiveness of competition and the desirability of individual action, socio-economic inequality, concentration and centralization of capital, and the political and social domination of the upper class are presented as normal outcomes of the functioning of the free market.

Employing this analysis, Mirowski contends that there is nothing liberal about neoliberalism. The constructionist approach that neoliberals employ has allowed them to build a system that is illiberal, highly authoritarian, and oppressive. Additionally, they implemented a system of domination centered on the development of the technology of the control of the self. This new system of control gives the illusion of emancipation while the internalization of the ideology of the market and the fragmentation of social relations work to reproduce neoliberal domination. In this context, neoliberalism was able to co-opt ideological spaces and discourses that have traditionally been included in the patrimony of the left and use them as ways to promote the ideology of the market. Faced with these formidable opponents and with inadequate responses, the crisis of the left is obvious. For Mirowski, the corrective recommendation is to unmask the pseudo-emancipatory posture of neoliberalism and move in the opposite direction. The failure of the Occupy movement, he contends, is precisely

the result of its inability to escape the individualism that new technologies such as Twitter and Facebook entail. Accordingly, successful opposition must reject the general assumptions of neoliberalism and be cognizant of the sophistication of its arguments. However, and despite the effort highlighting the road toward emancipation that the left should take, like in the case of the possible alternative group, it remains unclear what social and intellectual forces should lead this process of opposition.

A similar position is held by Davies (2014). Through an incisive analysis of the characteristics of neoliberalism, Davies stresses that the state has been colonized by neoliberals. In particular, he illustrates the ways in which neoliberal rationality has been employed to manage the state and shape its intervention. Neoliberal rationality means utilitarian economic rationality centered on the idea of the desirability of competition. The state has adopted competition as the organizing principle of society that legitimized inequality and concentration of capital. As competition and competitiveness have become unquestionable values, the state, he contends, is the entity that saved the system after the 2007–08 crisis and allowed corporations to recover and profit from a crisis that they engendered. In this context, as utilitarian economic rationality is erected as the only possible form of rationality, any reference to the common good is erased transforming economic rationality into a self-referential concept. The activities of all entities including government agencies, cities, institutions, and the entire state itself, he continues, are evaluated, and therefore legitimized, in terms of their ability to compete. The global economy, he stresses, is understood as a game of competition.

Under the neoliberal regime, resistance is difficult and increasingly shifted to the individual sphere. Neoliberals, Davies argues, admit the possible existence of problems—such as those that engendered the Great Recession—yet, in their view, these are the results of individual errors. Problems, in other words, are not associated with the functioning of the system but only with the poor actions of individuals. Accordingly, emphasis is placed on the control of individual behavior that leads to the implementation of repressive measures and views without questioning the basic organization of the neoliberal system. Because the functioning of the free market is considered above questioning, the rule of democracy can be suspended for extraordinary reasons to protect the process of competition and assist large corporations that are experiencing problems. The replacement of democratically elected political leaders in countries such as Italy, Greece, and Spain is a case in point. For Davies, the crisis of

legitimation of neoliberalism rests on the unquestionability of economic rationality. As contradictions continue to mount and the questioning of the system is not allowed, this crisis will continue. Resistance, he argues, should be expected and the left should exercise it at the individual and state levels for these are all relevant spheres where the power of neoliberalism is exercised. Concerned with an ideological critique of neoliberalism, Davies ends up not tackling the issue of the social forces and processes that should transform the system's contradictions into substantive opposition.

NEO-FORDIST PROPOSALS AND THE RETURN TO THE NATION-STATE

An additional group of analyses of the crisis of neoliberalism consists of works that propose a return to regulated capitalism such as the one that characterized the Fordist era. Authors included in this group contend that neoliberalism can be opposed by a stronger role played by the nation-state. As indicated above, left-leaning institutional economists such as Krugman (2013) and Stiglitz (2013, 2016) have forcefully argued for the introduction of socio-economic reforms centered on Keynesian economics and the associated state control of capitalism. This neo-Fordist proposal is based on the denunciation of the significant limits of the neoliberal system. In particular, these authors stress the dangerous consequences created by the growth of socio-economic inequality. Stiglitz (2013, 2016), for instance, identifies income inequality as the major characteristic and problem of neoliberal capitalism. Contrasting the post-World War II era with the second decade of the twenty-first century, he stresses that postwar state investment in productive infrastructure and education created economic opportunities for the middle and working classes. These actions translated into significant economic expansion, social stability, and gains by members of all classes. In the case of the contemporary economy and society, conversely, neoliberalism has promoted trickle-down economics that has not worked but instead has concentrated wealth in the hands of the upper class and has engendered economic stagnation, social instability, economic uncertainty, and lack of jobs and economic opportunities for the rest of society. Promoted by large tax cuts for the rich, the privatization of gains, and the socialization of losses, the growth of inequality is a politically generated process. Because it is a political process rather than an inexorable

law of economics, it can be reversed precisely through political action. Calling for a return to a fair market system, Stiglitz contends that the state should implement reforms such as those that would ensure that the rich pay their fair share of taxes, corporations are regulated, speculators are controlled, the poor are helped, the middle class is supported, and investment to improve education and infrastructure is carried out. While this cannot be a solution for all problems, he concludes, it can bring about that sense of hope and dignity that neoliberalism has erased from contemporary society.

Echoing this analysis, Krugman (2013) stresses the importance of state spending as a solution to the economic problems facing the USA and other countries. His argument centers on a critiques of austerity policies that have accompanied neoliberalism. Austerity has been one of the major arguments in favor of the reduction of social spending and the elimination of programs that benefitted the lower and middle classes. Coupled with inadequate state intervention, such as in the case of the anti-Great Recession stimulus in the USA, limited state spending prevents a recovery of the economy and maintains its current stagnant conditions. As these neo-Fordist positions have been criticized by neoliberals for not taking into consideration the continuous high level of state spending and state inefficiency and waste, the major limit of this proposal rests on the lack of discussion on the very issues that engendered the crisis of Fordism. Problems such as the fiscal crisis of the state, the capitalist class resistance to taxation and social spending, and inflation are not addressed. Moreover, globalization has altered the ability of the nation-state to control the economy, making the call for a nation-state-centered reform problematic.

The argument about the importance of a nation-state-centered reform has not been exclusively made in reference to the US state. Addressing the financial crisis of the EU, Lapavistas (2013a, b), for instance, contends that the growth of the financial sector promoted by neoliberalism has engendered instability and the creation of antidemocratic institutions. In his opinion, the EU is an instance of a supranational form of the state run by bureaucrats that have virtual no connections with local constituencies. Supporting anti-austerity critiques, he views the EU imposed financial constraints on member countries such as native Greece, Spain, Italy, and Portugal not only as economically ineffective but also as politically authoritarian. Democracy, he argues, has been suspended in the name of the good functioning of the economy. In this context, returning greater power to the nation-state not only can address some of the economic

problems affecting contemporary society but can also democratize decision-making processes.

Agreeing with Lapavistas on the relevance of a return to full national sovereignty of EU countries and disagreeing with Jürgen Habermas (2012) and other supporters of the existence of the EU and the Euro, critical theorist, Streeck (2014) stresses that the crisis of neoliberalism is a crisis of legitimation. In his view and since the 1970s, capitalism has experienced a constant crisis of legitimation that has been addressed through the implementation of measures that were only temporarily and partially successful. The partiality of these measures makes the resolution of the crisis of legitimation of neoliberalism, he contends, continuous and particularly difficult to achieve. He argues that the contradictions engendered by state intervention and the social spending of the Fordist era were temporarily addressed through the creation of inflation. However, when inflation translated into the fiscal crisis of the state and the state was not able to effectively intervene to address the crisis of accumulation, Fordism dissolved. Again opposing Habermas (1975), for Streeck the end of Fordism was not the result of disturbances of the system. But rather it was engendered by the reaction of the capitalist class against the power held by labor.³ In the 1980s, the capitalist class was able to defeat labor and the left through investment strikes that generated unemployment and devitalized the effectiveness of traditional forms of opposition. On the strength of this victory, the establishment of neoliberal measures reignited profit making through deregulation, tax reforms, and the reduction of social spending. The ensuing social instability was addressed through the rising of public debt that, however, reached an unsustainable level in the 1990s. At the time, the demand for social programs and the issue of working and middle-class consumption were addressed through the expansion of individual debt promoted by the deregulation of the financial sector. This solution was, eventually, made ineffective by the 2007–08 crisis that required massive state intervention. State-promoted quantitative easing programs and the sustained intervention of central banks avoided the collapse of the economy. However, they did not address the socio-economic instability of the system that continues as inequality, limited growth, and uncertainty characterize the present situation. Given the strength of the capitalist class and neoliberal forces, Streeck concludes, a democratic solution to this new crisis of legitimation appears problematic. More plausible is the acceptance of the neoliberal separation between capitalism and democracy that calls for the primacy of market justice over

substantive justice. While cogent, Streeck's analysis underplays the negative effects of the system contradictions on the rate of profit and the overall interests of the capitalist class. As it gives too much power to the capitalist class, currently unresolved issues such as those associated with the environment, labor under-remuneration, migration, socio-economic instability, and uncertainty limit the accumulation of capital and have already forced this class to grant some—albeit limited—concessions to subordinate groups such as increases in wages, efforts to diminish pollution, and recognition of the importance of quality production.

THE CONTINUOUS DOMINATION OF NEOLIBERALISM

This idea that neoliberalism is too powerful to be defeated is stressed by an additional group of theorists (e.g., Block and Somers 2014; Brown 2015; Dardot and Laval 2013). Basing their analyses on the seminal work of Foucault (2004) and classical critiques of the free functioning of the market such as that of Polanyi (2001 [1944]), these authors highlight the fundamental tenets of neoliberalism and its significant differences with classical liberalism. They argue that the idea that the economy can self-regulate legitimizes neoliberalism. Yet, departing from classical *laissez-faire*, neoliberals, these authors stress, admit that the market is socially constructed and, therefore, its impersonality justifies its desirability over decisions made through the discussions and negotiations sanctioned by the polity. Decisions made through the state apparatus can never be superior to those that derive from the free functioning of the market. In this context, the market establishes the true values of ideas and goods, generates a highly desirable “world without politics,” and makes democracy purely procedural.

For neoliberals, they add, the actions of individuals are paramount. This is the case for competition that replaces marginal utility in the definition of the importance of markets. Individuals are endowed with human capital that they employ not only to compete but also to constantly improve their competitive skills. Following Foucault, they underscore the novel notion of labor exchange entailed in the neoliberal proposal. If for classical liberals as well as for Marx, labor is exchanged for a wage, for neoliberals the capacity to labor remains continuously attached to the individual. Individuals, therefore, are required to deploy, but also improve, their capacity to labor in their work and in the process of competition. As socio-economic and

political outcomes depend on individual competition, structural issues are viewed as secondary at best. Accordingly, for neoliberals, socio-economic inequality is considered a legitimate outcome of the free functioning of the market, the result of individual efforts and accomplishments, and an item that justly rewards those who are meritorious. As far as the future of neoliberalism is concerned, these authors point out that the power of the ideology of the impartiality of the market, its promise of a world without politics, and the lack of substantive opposition will allow for the continuous domination of the neoliberalism. As for the case of Streeck, this group of authors' analysis of the power of neoliberalism is not accompanied by a consideration of the fact that its contradictions affect capital accumulation and promote calls for change not only from subordinate classes but also from the capitalist class.

THE ORGANIZATION OF THE BOOK

The book is divided into two parts and nine chapters. The first part consists of three chapters and discusses the conditions that allowed the development of Fordism and its eventual crisis. In the second part, Chaps. 4–8 propose an analysis of neoliberalism while Chap. 9 focuses on the theory of its legitimation crisis. Chapter 1 makes the point that contrary to arguments proposed by neoliberals, the state has consistently been a relevant actor in the organization of the economy and society. It indicates that the role played by the state was fundamental in the expansion and stability of capitalism in its early stages, during the *laissez-faire* era of the nineteenth century and under Fordism in the twentieth century. This argument is made through a review of salient aspects of classical liberal theories of the state such as those of Locke, Adam Smith, Jeremy Bentham, and John Stuart Mill and a brief review of the theory of Marx and early twentieth century contributions such as those of Polanyi and Keynes. An analysis of the theories of the role of the state under Fordism is proposed in the final sections of the chapter.

Chapter 2 illustrates salient ideological and cultural aspects of regulated capitalism. Presented through reviews of the ideas of Antonio Gramsci, Talcott Parsons, and Daniel Bell, these characteristics mandated the creation of a new will-formation that allowed the submission of the working class to the requirements of Fordist production. Additionally, the

structuralist critique of Fordist cultural arrangements and Habermas's theory of the crisis of regulated capitalism are presented. The chapter continues by illustrating the contradiction of regulated capitalism will-formation. Following Habermas's theory, it is argued that the culture and ideology of Fordism were incompatible with the requirements for the expansion of capitalism and could not be upheld through state intervention. The state was unable to maintain mass loyalty while promoting the conditions necessary for the expansion of the economy.

Chapter 3 concludes the analysis of the crisis of Fordism by reviewing the structural contradictions that destabilized it. It reviews the conditions and requirements for the application of Keynesian economic policies and briefly illustrates their application in advanced and developing countries. It continues by elucidating the mechanisms through which the legitimation of the state regulation of the economy and society were pursued. In this context, it underscores the concepts of ideological and material legitimation and discusses Fordism unresolved contradictions of material legitimation. In particular, it analyzes the contradictions of the state management of the wage structure, the class nature of Fordism, state planning, and the inability of the state to reconcile bourgeois claims with the historical conditions. The chapter concludes by stressing the unsustainability of Fordism and contradictory position of the labor movement within this system.

Opening the second part of the book, Chap. 4 illustrates salient socio-economic conditions that allowed the implementation of neoliberalism and reviews basic aspects of early theories of neoliberalism. It opens with an illustration of the transition from Fordism to neoliberalism and the development of neoliberal globalization underscoring the creation of global networks of production and consumption and the emergence of a global working class and capitalist class. It further stresses the importance of the crisis of the left vis-à-vis discourses that discredited the negotiated solutions of the contradictions of capitalism and supported the impartiality and, therefore, desirability of the functioning of the market. The fundamental ideological components of neoliberalism are illustrated through a review of relevant ideas of Ludwig von Mises and Friedrich von Hayek and the debate and events surrounding the evolution of neoliberalism from the creation of the Mont Pelerin Society to the first adoption of neoliberal ideas by the ordoliberals in post-World War II West Germany. The chapter concludes by stressing the importance of the related concepts of the impartiality of the market and the "end of politics."

The review of the basic tenets of neoliberalism continues in Chap. 5 through an analysis of salient ideas of two key members of the Chicago School of Economics: Milton Friedman and Gary Becker. Friedman provided a rationale for the desirability of supply-side economics and a justification of the notions of socio-economic inequality. Becker's notions of "homo economicus" and "human capital" legitimized individual competition, individuality, and individual responsibility as good tools for the functioning of the economy and society. The chapter concludes by stressing the contradictions embedded in the neoliberal notions of competition inequality and uncertainty.

Chapter 6 returns to the central theme of the state by proposing a theory of the neoliberal state under global neoliberalism. It opens with an analysis of the theories of the state proposed by Hayek, Friedman, and Becker. This analysis is followed by an illustration of the limits of the neoliberal theory of the state that stresses its realist component, its inability to account for the continuous intervention of the state, and the issues raised by the debate on the role of the state under globalization. This now copious literature is also reviewed. The remaining part of the chapter illustrates my theory of the state under neoliberalism. It stresses the emergence of supranational and global forms of the state and contends that their existence is problematic not only because of their embryonic status but also because of the discrepancy between the evolution of the global economy and the less developed global polity. In this context, two structural problems assume relevance. First, the global state depends on the nation-state for the acquisition of resources and the appointment of its officialdom. Second, these forms of the state tend to be undemocratic. It is concluded that the consequences associated with this overall situation represent components of the crisis of system integration of global neoliberalism.

Chapter 7 analyzes the conditions that created the early legitimation of global neoliberalism and later engendered its legitimation crisis. While the claim of impartiality of market relations legitimized neoliberalism, subsequent events engendered not only a crisis of system integration but also a crisis of social integration. This crisis is made explicit by the rampant dissatisfaction with the corporate domination of society that invalidates new forms of "civic privatism." These conditions, the chapter concludes, delegitimize the message of desirability of a free-market-based economy and society. Chapter 8 reviews the issue of resistance by stressing its importance in the context of the creation of an alternative to global

neoliberalism. The chapter further illustrates the corporate colonization of contemporary resistance for activist organizations associate with corporations and/or act like corporations. The concomitant commodification of activism indicates the tendency to frame actions of resistance in market terms. The chapter concludes by stressing that the corporate colonization of resistance and the commodification of activism coexist with high levels of labor exploitation.

Chapter 9 reviews the conditions that determine the legitimation crisis of global neoliberalism. It argues that the achievement of legitimation has always been linked to the management of the contradiction between the bourgeois claims of democracy and equality and the concentration of capital and power engendered by the economy. Under *laissez-faire* capitalism, this contradiction was resolved through the adoption of the nature-like functioning of the market as the organizing principle of society. Fordism was based on the organizing principle of state-regulated capitalism. As this form of legitimation was undermined by the crisis of the state, the impartiality of the free market proposed by neoliberals became the new organizing principle of society. However, as market mechanisms could not address the contradictions of capitalism and state intervention was necessary, the legitimation crisis of neoliberalism developed. While solutions to the legitimation crisis are not available and substantive opposition remains weak, the chapter concludes, change is directed by corporate forces that will only marginally grant some of the claims of subordinate groups while continuing to pursue their interests.

NOTES

1. While my critique of the neoliberal social system is inspired by the seminal work of Habermas, it is not an analysis that follows Habermas's social philosophy or position regarding current socio-economic conditions. My view stresses the applicability of his classical theory of the legitimation crisis in the analysis of the unsustainability of global neoliberalism.
2. This analysis is based on two assumptions. The first is that neoliberalism is a global issue. Accordingly, in this book, I use the terms neoliberalism, neoliberal globalization, and global neoliberalism virtually interchangeably. To be more specific, however, my use of the term neoliberalism refers to the theory of the economy and society that was originally proposed in the intra-World War period, became popular in the 1980s, and achieved dominance in the 1990s. I also employ the term neoliberal globalization to indicate

the process of global diffusion of neoliberalism, for the current globalization of the economy and society is a neoliberal form of globalization. Finally, I use the term global neoliberalism to indicate the current status of the evolution of neoliberalism. The second assumption is that neoliberalism is not a unified theory, a condition that Philip Mirowski and his associates have already captured with the concept of “thought collective” (Mirowski 2014; Mirowski and Plehwe 2009).

3. Essentially, this is the same argument popularized by Harvey in his now classical “A Brief History of Neoliberalism” (2005). In that book, Harvey contends that the implementation of neoliberalism is a class move orchestrated by the capitalist class against the gains obtained by the working class during Fordism.

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