The neoliberal revolution

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Thatcher, Blair, Cameron - the long march of neoliberalism continues.

How do we make sense of our extraordinary political situation: the end of the debt-fuelled boom, the banking crisis of 2007-10, the defeat of New Labour and the rise to power of a Conservative-Liberal-Democratic Coalition? What sort of crisis is this? Is it a serious wobble in the trickle-down, win-win, end-of-boom-and-bust economic model which has dominated global capitalism? Does it presage business as usual, the deepening of present trends, or the mobilisation of social forces for a radical change of direction? Is this the start of a new conjuncture?

Gramsci argued that, though the economic must never be forgotten, conjunctural crises are never solely economic, or economically-determined 'in the last instance'. They arise when a number of contradictions at work in different key practices and sites come together - or 'con-join' - in the same moment and political space and, as Althusser said, 'fuse in a ruptural unity'. Analysis here focuses on crises and breaks, and the distinctive character of the 'historic settlements' which follow. The condensation of forces during a period of crisis, and the new social configurations which result, mark a new 'conjuncture'.

My argument is that the present situation *is* a crisis, another unresolved rupture of that conjuncture which we can define as 'the long march of the Neoliberal Revolution'. Each crisis since the 1970s has looked different, arising from specific

historical circumstances. However, they also seem to share some consistent underlying features, to be connected in their general thrust and direction of travel. Paradoxically, opposed political regimes have all contributed in different ways to expanding this project.

The term 'neoliberal' is not a satisfactory one. Its reference to the shaping influence of capitalism on modern life sounds recidivist to contemporary ears. Intellectual critics say the term lumps together too many things to merit a single identity; it is reductive, sacrificing attention to internal complexities and geohistorical specificity. I sympathise with this critique. However, I think there are enough common features to warrant giving it a *provisional* conceptual identity, provided this is understood as a first approximation. Even Marx argued that analysis yields understanding at different levels of abstraction, and critical thought often begins with a 'chaotic' abstraction - though we then need to add 'further determinations' in order to 'reproduce the concrete in thought'. I would also argue that naming neoliberalism is *politically* necessary, to give resistance content, focus and a cutting edge.

Pragmatism may account in part for this scepticism about neoliberalism as a concept: English intellectuals often cannot see the practical efficacy of long-term, theoretical ideas. A discussion on, say, the principles behind capital punishment quickly degenerates into a debate on whether hanging, drawing or quartering best achieves the purpose. I recall that many refused to apply the term 'project' to Thatcherism and New Labour, though it was crystal clear that neither political formation had been instituted by sleep-walkers, driven by purely pragmatic imperatives. But in English common sense, pragmatism often rules.

The neoliberal model

What, then, are the leading ideas of the neoliberal model? We can only pull at one thread here. However anachronistic it may seem, neoliberalism is grounded in the 'free, possessive individual', with the state cast as tyrannical and oppressive. The welfare state, in particular, is the arch enemy of freedom. The state must never govern society, dictate to free individuals how to dispose of their private property, regulate a free-market economy or interfere with the God-given right to make profits and amass personal wealth. State-led 'social engineering' must never

prevail over corporate and private interests. It must not intervene in the 'natural' mechanisms of the free market, or take as its objective the amelioration of free-market capitalism's propensity to create inequality. Harvey's book offers a useful guide.[1] Theodore, Peck and Brenner summarise it thus: 'Open, competitive and unregulated markets, liberated from state intervention and the actions of social collectivities, represent the optimal mechanism to socio-economic development … This is the response of a revived capitalism to "the crisis of Keynesian welfarism" in the 70s'.[2] (Capitalism's other response, incidentally, was to evade state intervention by 'going global'.)

According to the neoliberal narrative, the welfare state (propelled by working-class reaction to the Depression of the 1930s and the popular mobilisation of World War Two) mistakenly saw its task as intervening in the economy, redistributing wealth, universalising life-chances, attacking unemployment, protecting the socially vulnerable, ameliorating the condition of oppressed or marginalised groups and addressing social injustice. It tried to break the 'natural' (sic) link between social needs and the individual's capacity to pay. But its do-gooding, utopian sentimentality enervated the nation's moral fibre, and eroded personal responsibility and the over-riding duty of the poor to work. It imposed social purposes on an economy rooted in individual greed and self interest. State intervention must never compromise the right of private capital to 'grow the business', improve share value, pay dividends and reward its agents with enormous salaries, benefits and bonuses. The function of the liberal state should be limited to safeguarding the conditions in which profitable competition can be pursued without engendering Hobbes's 'war of all against all'.

Margaret Thatcher, well instructed by Keith Joseph, grasped intuitively Hayek's argument that the 'common good' either did not exist or could not be calculated: 'There is no such thing as society. There is only the individual and his (sic) family'. She also grasped Milton Friedman's lesson that 'only a crisis - actual or perceived - produces real change. When that crisis occurs the actions that are taken depend on the ideas that are around … our basic function [is] to develop alternatives to existing policies … until the politically impossible becomes politically inevitable' .[3] As the free-market think-tank, the Institute of Economic Affairs, observed during the rise of Thatcherism, 'the market is an idea whose time has come'. This could well be a Coalition vision-statement.

The welfare state had made deep inroads into private capital's territory. To roll back that post-war 'settlement' and restore the prerogatives of capital had been the ambition of its opponents ever since Churchill dreamt in the 1950s of starting 'a bonfire of controls'. The crisis of the late 1960s-1970s was neoliberalism's opportunity, and the Thatcher and Reagan regimes grabbed it with both hands.

Neoliberalism is also critical to contemporary geopolitics. Structural adjustment programmes have forced the 'developing world' to set market forces free, and open their economies to free trade and foreign investment, while promoting the 'liberal' virtues of elections, multi-party politics, the rule of law and 'good governance'. This was the prescription to bring about the 'liberal-democracy' that Francis Fukayama saw as marking the end of ideology and the fulfilment of the struggle for the good life. Western super-powers have consistently intervened globally to defend this model in recent decades.

It should be noted, of course, that neoliberalism has many variants. There are critical differences, for example, between American, British and European 'social market' versions; South East Asian state-supported growth and Chinese 'state capitalism'; Russia's oligarchic/kleptomanic state and the monetarist 'experiments' in Latin America. Neoliberalism is not *one* thing. It evolves and diversifies. Nevertheless, geopolitically, neoliberal ideas, policies and strategies are incrementally gaining ground, re-defining the political, social and economic model, governing the strategies and setting the pace.

As we have noted, neoliberalism's principal target in the UK has been the reformist social-democratic welfare state. Though this was a radically compromised formation, which depended on dynamic capitalist growth to create the wealth for redistribution, its full-employment objectives, welfare support systems, the NHS, and free comprehensive and higher education, transformed the lives of millions. In this model the state took over some key services (water, bus transport, the railways), but it was less successful in nationalising productive industry (cars, energy, mining).

The liberal heritage

Where do neoliberal ideas come from? Historically, they are rooted in the principles of 'classic' liberal economic and political theory. Here we can only

outline the development of this body of ideas in summary, headline terms. Critical was the agrarian revolution, the expansion of markets (in land, labour, agriculture and commodities) and the rise of the first commercial-consumer society in eighteenth-century Britain. These arose on the back of successes in war, naval supremacy over continental rivals, the expansion of commerce, the conquest of India and a high point in the colonial slave plantation economies, which produced - often in conditions of un-free labour, violence and systematic degradation - commodities and profits for the metropolitan market: 'jewels in the crown', as the French called Saint-Domingue (Haiti) just before the Haitian Revolution.

Economically, its foundations lay in the rights of free men - 'masters of all they survey and captains of their souls' - to dispose of their property as they saw fit, to 'barter and truck', as Adam Smith put it, to make a profit and accumulate wealth, consulting only their own interests. Smith's *The Wealth of Nations* brilliantly 'codified' the economic model (using as an example no industrial enterprise larger than a pin factory!).

Marx once described this moment in the accumulation circuits of capital as 'the very Eden of the innate rights of man', the source of the lexicon of bourgeois ideas - freedom, equality, property and 'Bentham' (i.e. possessive individualism and self-interest):

> Freedom because both buyer and seller of a commodity … are constrained only by their own free-will. They contract as free agents … Equality because each enters into the relation with the other as with a simple owner of commodities and they exchange equivalent for equivalent. Property because each disposes of what is his own. And Bentham because each looks only to himself. The only force that brings them together and puts them in relation with each other is the selfishness, the gain and the private interests of each (*Capital*, 1, p112).

Political liberalism has its roots in the struggles of the rising classes associated with these developments to challenge, break and displace the tyranny of monarchical, aristocratic and landed power. Englishmen were born free: England was the true home of Liberty. This required the consent of free, propertied men to a limited

form of state, and a leading position for them in society as well as wider political representation. Key moments were the Civil War; the execution of Charles 1; the 'historic compromise' of the 'Glorious Revolution' of 1688; the successes of the rising mercantile classes in commerce and trade; and the loss of the American colonies, but then in consolation a Lockean-inspired Constitution for an American Republic of free propertied men. Then came 1789, the violence and excessive egalitarianism of the French Revolution, the successes of the Napoleonic Wars and the conservative reaction to civil unrest.

Industrialisation and the rise of manufacture followed in the nineteenth century: the 'disciplines' of waged labour, the factory system, the triumph of free trade, urbanisation and the industrial slum, as Britain became 'the workshop of the world'. Hobsbawm calls this triumph of the bourgeois classes, and of bourgeois ideas, modes of organisation, thought and value, 'The Age of Capital'. But radical currents that had awkwardly nestled beneath the commodious canopy of liberalism now began to chart another path: the Jacobin clubs, radicalism, the demonstrators of Peterloo, Chartism, the struggles over the franchise, cooperative and utopian communities, the early trade unions and friendly societies. This contradiction forced forward the 'age of reform' - struggles to extend the franchise; to impose limits on working hours, and on child and female labour; and for Catholic Emancipation, the abolition of slavery, repeal of the Combination Acts and the Corn Laws; but also propelled the gradual disengagement from Liberalism of an independent working-class interest.

Later, family businesses became consolidated into joint-stock companies - the basis of a corporate capitalist economy - which came to dominate domestic and imperial economic expansion. This development underpinned Britain as centre of the largest, most far-flung empire on earth, and facilitated the triumph of a liberal imperial class - 'the lords of creation' - and their 'civilising' mission.

These developments over two centuries form the core of classical liberal political and economic thought on which neoliberalism now dreams again. But here also begin the antinomies and ambiguities of liberalism. Political ideas of 'liberty' became harnessed to economic ideas of the free market: one of liberalism's intersecting fault-lines which re-emerges with neoliberalism. As Edmund Burke ironically observed: 'It would be odd to see the Guinea captain [of a slave ship] attempting at the same instant to publish his proclamation of Liberty and to

advertise its sale of slaves'. But this is precisely the 'splitting' that Liberalism practised: Progress, but simultaneously the need to contain any 'threat from below'; tolerance, reform, moderation and representative government for the English race, but colonial governmentality, discipline and authority for recalcitrant 'other' native peoples abroad; emancipation *and* subjugation; free men in London, slaves in the West Indies; freedom now for some, an unending apprenticeship to freedom for others; the universal language of 'mankind' vs the particularity of the discourse of women; a civilising 'mission' that harboured an untranscended gulf between the civilised and the barbarians; today, the 'soft' face of compassionate conservatism and The Big Society here, the hard edge of cuts, workfare and the gospel of self-reliance there.

Classic liberal ideas began to decline in the late nineteenth century. Dangerfield cited the suffragettes, the trade unions, reform of the House of Lords (an old aristocratic bastion) and the struggle for Irish independence as key triggers of the 'Strange Death of Liberal England'. In an increasingly plutocratic society, there was a growing coalescence between land and capital: industrialists seeking respectability in their new country piles, while the old aristocratic and landed classes were pleased to travel to the City to invest, as the rate of profit from imperial trade soared. The new plutocratic classes took the world market as their oyster. But the sharpening competition with other states and the 'scramble' for imperial power led Lenin to describe imperialism as 'the highest stage of capitalism'.

Facing competition from Prussia and Japan, a New Liberalism emerged in Britain that embraced state intervention and 'the community' (as ever, a convenient half-way stop to class). The social insurance reforms of the Liberal Coalition of 1906-11 (Lloyd George and Churchill) laid down an early template for the welfare state. Later on, intervention against unemployment and the struggle against poverty - associated with Keynes and Beveridge - led the second phase. This is a history that Nick Clegg and the Lib Dems - grumpily clinging to the tail-coats of their Conservative Coalition allies - have conveniently forgotten or never understood.

The 1880s to the 1920s were a critical watershed that saw the rise of capitalist 'mass society': mass production, mass consumer markets, the market way of incorporating the masses into a subaltern position in the system, mass political

parties and industrial unions, the mass media, mass culture, mass leisure, mass sport and entertainment, mass advertising, and new methods of marketing, testing and supplying the 'needs' of the masses and shaping demand - embryo forms of today's focus groups, life-style market segmentation, branding, personal relations consultancies, consumer services and the rest. The 'managerial revolution' - a new coalition of interests between share-holders and capital's senior managers - created not bourgeois entrepreneurs but the investor and executive classes of the giant multinational capitalist enterprises that now spanned the globe.

Neoliberalism, then, evolves. It borrows and appropriates extensively from classic liberal ideas; but each is given a further 'market' inflexion and conceptual revamp. Classic liberal principles have been radically transformed to make them applicable to a modern, global, post-industrial capitalism. In translating these ideas to different discursive forms and a different historical moment, neoliberalism performs a massive work of transcoding, while remaining in sight of the lexicon on which it draws. It is able do its dis-articulating and re-articulating work because these ideas have long been inscribed in social practices and institutions, and sedimented into the 'habitus' of everyday life, common sense and popular consciousness - 'traces without an inventory'.

Of course, transcoding can also be an opportunity for mystification. Thus Tory MP Jesse Norman, in *The Big Society*, quotes John Donne's wonderful affirmation of human inter-dependence: 'No man is an Island … Any man's death diminishes me because I am involved in mankind'. Norman then goes on to quote De Tocqueville, as if he and Donne were saying the same thing: 'The more [the state] stands in the place of associations, the more will individuals, losing the notion of combining together, require its assistance'. This is a mischievous conflation, which the editorial addition of the '[the state]' has greatly helped on its way.

Neoliberalism in the postwar period: Thatcherism and Blairism

How then has neoliberalism been nurtured, honed and developed across the post-war conjunctures? During the years that immediately followed the second world war there was a rare interlude - the 'Butler' moment - of near-consensus on the basic shape of the welfare state and mixed economy. But as the post-war economy revived, and the US replaced the UK as the 'paradigm instance', internal

tensions came increasingly to the surface. Changes in the class structure and the spread of affluence provoked a crisis of confidence on the left. 'Can Labour survive the coming of the telly, the washing machine, the fridge and the small car?' Gaitskell asked anxiously. In the 1960s, rock music, the new youth culture, the decline of deference, the liberating effect for women of the contraceptive pill, the counterculture and mind-expanding drugs - all were straws in the wind of trouble to come: 'resistance through rituals'. '1968' unleashed an avalanche of protest, dissent and disaffiliation: student occupations, participatory democracy, community politics, second-wave feminism, 'turn on, tune in and drop out', an ambivalent libertarianism; but also the cult of 'Che' Guevara, Vietnam, the IRA, industrial unrest, black power, the red brigades … While all this was going on, in the mid-1970s, and as inflation soared, the IMF, useful for imposing structural adjustment programmes on Third World states, imposed one on the British Chancellor. And in the dim light of the three-day week Ted Heath declared the country ungovernable. The post-war 'settlement' had collapsed.

In 1979 Thatcherism launched its assault on society and the Keynesian state. But simultaneously it began a fundamental reconstruction of the socio-economic architecture with the first privatisations. (One-nation Tory Harold Macmillan called it 'selling off the family silver'!) Thatcherism thoroughly confused the left. Could it be not just another swing of the electoral pendulum but the start of a reconstruction of society along radically new, neoliberal lines?

Still, the old had to be destroyed before the new could take its place. Margaret Thatcher conspired in a ruthless war against the cabinet 'wets' and simultaneously plotted to break trade union power - 'the enemy within'. She impelled people towards new, individualised, competitive solutions: 'get on your bike', become self-employed or a share-holder, buy your council house, invest in the property-owning democracy. She coined a homespun equivalent for the key neoliberal ideas behind the sea-change she was imposing on society: value for money, managing your own budget, fiscal restraint, the money supply and the virtues of competition. There was anger, protest, resistance - but also a surge of populist support for the ruthless exercise of strong leadership.

Thatcherism mobilised widespread but unfocused anxiety about social change, engineering populist calls from 'below' to the state 'above' to save the country by imposing social order. This slide towards a 'law and order' society (see *Policing*

the Crisis) was a key stage in the contradictory advance towards 'authoritarian populism'.[4]

One counter-intuitive feature was that, in the dark days of her electoral unpopularity, Thatcher brilliantly summoned to the rescue, not market rationality but an archaic British nationalism. The Falklands War allowed Thatcherism to play, when required, from two different ideological repertoires, with resonance in apparently opposing reservoirs of public sentiment: marching towards the future clad in the armour of the past. 'The market' was a modern, rational, efficient, practically-oriented discourse, inscribed in the everyday. Nationalist discourse, with its imperialist undertow (what Paul Gilroy calls its 'melancholia', the unrequited mourning for a lost object), was haunted by the fantasy of a late return to the flag, family values, national character, imperial glory and the spirit of Palmerstonian gunboat diplomacy.

Ideology is always contradictory. There is no single, integrated 'ruling ideology' - a mistake we repeat again now in failing to distinguish between conservative and neoliberal repertoires. Ideology works best by suturing together contradictory lines of argument and emotional investments - finding what Laclau called 'systems of equivalence' between them. Contradiction is its *metier*. Andrew Gamble characterised Thatcherism as combining 'free market'/'strong state'. Many believed this contradiction would be Thatcherism's undoing. But, though not logical, few strategies are so successful at winning consent as those which root themselves in the contradictory elements of common sense, popular life and consciousness. Even today, the market/free enterprise/private property discourse persists cheek by jowl with older conservative attachments to nation, racial homogeneity, Empire, tradition. 'Market forces' is good for restoring the power of capital and destroying the redistributivist illusion. But in moments of difficulty one can trust 'the Empire' to strike back. 'The people' will turn out to cheer the fleet returning to Plymouth from some South Atlantic speck of land; they will line the streets of Wootton Bassett to honour the returning dead from 'a war without end' in Afghanistan. (How many remembered this was Britain's *fourth* Afghan War?)

In the end Thatcherism was too socially destructive and ideologically extreme to triumph in its 'scorched earth' form. Even her cabinet fan-club knew it could not last. But it was a 'conviction moment' they will never forget. And today, once again, many yearn to return to it in some more consolidated, permanent and

settled form.

Paradoxically, such a form was provided by Blair's hybrid, New Labour, which abandoned Labour's historic agenda and set about reconstructing social democracy as 'the best shell' for a New Labour variant of neoliberalism. Hybrid, because - borrowing the skills of triangulation (one idea from each end of the political spectrum to make a 'Third Way') from Clinton - it re-articulated social reform, free enterprise and the market. This conflation was the real source of New Labour 'spin' - not an irritating habit but a serious political strategy, a 'double shuffle'. New Labour repositioned itself from centre-left to centre-right. Covered by that weasel word, 'modernisation', the New Labour 'saints' remorselessly savaged 'Old' Labour. A substantial sector of Labour's 'heartland' left, never to return. But the 'middle ground', the pin-head on which all mainstream parties now compete to dance, became the privileged political destination.

New Labour believed that the old route to government was permanently barred. It was converted, Damascus-like, to neoliberalism and the market. And, buying in to the new managerial doctrine of pubic choice theory taught by the US Business Schools, New Labour finally understood that there was no need for the political hassle to privatise. You could simply burrow underneath the distinction between state and market. Out-sourcing, value-for-money and contract-contestability criteria opened one door after another through which private capital could slip into the public sector and hollow it out from within. This meant New Labour adopting market strategies, submitting to competitive disciplines, espousing entrepreneurial values and constructing new entrepreneurial subjects. Tony Giddens, a Third Way pioneer, is supposed to have told Blair that nothing could resist 'the unstoppable advance of market forces'. 'Marketisation' became the cutting-edge of New Labour's neoliberal project.

New Labour thus embraced 'managerial marketisation'. The economy was actively 'liberalised' (with disastrous consequence for the coming crisis), while society was boxed in by legislation, regulation, monitoring, surveillance and the ambiguous 'target' and 'control' cultures. It adopted 'light-touch' regulation. But its 'regulators' lacked teeth, political courage, leverage or an alternative social philosophy, and were often playing on both sides of the street. Harnessing social purposes to a free-wheeling private economy proved to be an exercise much like Tawney's 'trying to skin a tiger stripe by stripe'.

There were social problems requiring urgent attention, but what was most striking was New Labour's moralistically driven legislative zeal in its approach to them: ASBOs, community policing, widening surveillance, private policing and security firms, out-sourcing the round-up and expulsion of visa-less migrants, imprisonment of terrorist suspects without trial, and ultimately complicity with rendition and a 'cover-up' of involvement with torture. Despite the 'liberalism', punitive conceptions of punishment took hold: longer sentences, tougher prison regimes, harsher youth-offender disciplines. A new kind of liberal 'authoritarianism' turned out to be one of the jokers in New Labour's neoliberal pack. Michael Howard declared that 'prison works', implying that those who thought it didn't were 'bleeding-heart liberals'. Blair, certainly not one, espoused 'tough love'. (Later David Cameron invented 'muscular liberalism'!) This is certainly not the first time these two contradictory Janus-faces of Liberalism have been evident.

New Labour did initiate very important social reforms, including the minimum wage, shorter waiting times, better health targets, attempts to reduce child poverty, the doubling of student numbers and (rather reluctantly) some equality and human rights legislation. But triangulation was its life-blood, its leading tendency. There was a continuous tension between a strident, Fabian, Benthamite tendency to regulate and manage and the ideology of the market, with its pressure for market access to areas of public life from which it had hitherto been excluded. Regulation was often the site of a struggle to resolve the contradiction between an enhanced role for the private sector and the need to demonstrate positive outcomes. But there was a strong impulse towards getting rid of the excrescences of the 'nanny state', in areas such as planning and health and safety regulations, and towards 'flexibility' in labour markets.

What was distinctively neoliberal about New Labour's strategies? The private funding of New Labour's flagship achievements via the Public Finance Initiative left future generations in hock for thirty years to re-pay the debt at exorbitant interest rates. Yet 'public-private partnership' became a required condition of all public contracts. Contracting out, competitive tendering and 'contestability' opened up the state to capital. Private contractors were better placed to cut costs and shed staff, even at the expense of service quality. The rising archipelago of private companies providing public services for profit was spectacular. Consultants

floated in and out to 'educate' the public sphere in the ways of corporate business. Senior public servants joined the Boards of their private suppliers through 'the revolving door'. Emptied out from inside, the ethos of public service underwent an irreversible 'culture change'. The habits and assumptions of the private sector became embedded in the state.

Neoliberal discourse promoted two discursive figures - the 'taxpayer' (hard-working man, over-taxed to fund the welfare 'scrounger') and the 'customer' (fortunate housewife, 'free' to exercise limited choice in the market-place, for whom the 'choice agenda' and personalised delivery were specifically designed). No-one ever thinks either could also be a citizen who needs or relies on public services.

The prevailing market discourse is, of course, a matter of ideological representation - a point that Doreen Massey develops in her article in this issue. Actual markets do not work that way. They do not work mysteriously by themselves, or 'clear' at their optimum point. Only by bracketing-out the relative wealth of buyer and seller can they be called 'fair'. No 'hidden hand' guarantees the common good. Markets often require the external power of state and law to establish and regulate them. But the discourse provides subjects with a 'lived' 'imaginary relation' to their real conditions of existence. This does not mean that markets are simply manufactured fictions. Indeed, they are only too real! They are 'false' because they offer partial explanations as an account of whole processes. But it is worth remembering that 'those things which we believe to be true are "real" in their consequences'.

Globally, New Labour agreed that 'developing countries' must be exposed to the bracing winds of Free Trade and foreign investment. The main purpose of global governance was to protect markets and investments and maintain the conditions for the successful pursuit of global capitalist enterprise. This required a major commitment to a new geopolitical order, military expenditure, and the construction of a ring of client states and dictators, many of whom routinely used repression, violence, imprisonment and torture; and, if necessary, direct military intervention - though naturally in humanitarian disguise.

The Blair experiment ended unexpectedly - the result of long subservience to US foreign policy goals. The 'special relationship' guaranteed the UK a role as geopolitical junior partner and a place in the global sun. It stood 'shoulder to

shoulder' against the rise of Islamic fundamentalism. George Bush, supported by the neoconservative lobby, led Blair into armed intervention and regime change in Iraq. Blair's moralism was compromised by his specious logic, dissembling, secret agreements of which everyone was kept in ignorance, sexed-up documents and flawed intelligence. His reputation has never recovered.

Gordon Brown, who followed, did not fundamentally alter New Labour's neoliberal inclinations. Never a paid-up 'Third Way' proselytiser, his manse background, high moral seriousness and early Labour formation stood in the way. The positive side of New Labour's 'double shuffle' became identified with him: public investment, limiting third-world debt and child poverty. But 'redistribution by stealth' failed to build a political constituency or a principled defence of the welfare state.

Besides, Brown admired the dynamism of American free-enterprise capitalism. He fell for the profoundly mistaken belief that Labour had somehow ended the cycle of 'boom and bust'. He did not heed the signs that the boom could not last forever - the uncontrollable property market, the swelling private and public debt, the dubious risk-taking devices invented by ambitious young traders, the unregulated predations of the hedge-fund and private equity sectors, the scandal of banks selling sub-prime mortgages worth more than many borrowers' total annual income, the enhancement of share values, the astronomic executive salaries and bonuses, banking's shift to risk-taking investment activities. These were all signs a sophisticated economic technician like Brown should not have missed. In the crisis Brown's international leadership was impressive, but it was all too late. Neoliberal hubris had done its damage. By the time of the election (which Brown should have called a year before), it was clear Labour would lose. It did.

The coalition variant

A Conservative-Liberal Democratic coalition was fully in line with the dominant political logic of realignment. In the spirit of the times, Cameron, with Blair as his role model, signalled his determination to reposition the Tories as a 'compassionate conservative party', though this has turned out to be a something of a chimera.

At the same time, many underestimated how deeply being out of office and power had divided the Lib-Dem soul, and misjudged the self-deception, hypocrisy

and lack of principle of which the Lib-Dem leadership was capable. Coalition now set the neoliberal-inclined *Orange Book* supporters, who favoured an alliance with the Conservatives, against the 'progressives', including former social democrats, who leaned towards Labour. A deal - its detail now forgotten - was stitched up, in which the social liberals were trounced, and Cameron and Clegg 'kissed hands' in the No. 10 rose garden (the former looking like the cat that had swallowed the cream). The Lib Dems thus provided the Cameron leadership with the 'fig leaf' it needed - while the banking crisis gave the 'alibi'. The Coalition government seized the opportunity to launch the most radical, far-reaching and irreversible social revolution since the war.

Coalition policy often seems incompetent, with failures to think things through or join things up. But, from another angle, it is arguably the best prepared, most wide-ranging, radical and ambitious of the three regimes which since the 1970s have been maturing the neoliberal project. The Conservatives had for some time been devoting themselves to preparing for office - not in policy detail but in terms of how policy could be used in power to legislate into effect a new political 'settlement'. They had convinced themselves that deep, fast cuts would have to be made to satisfy the bond markets and international assessors. But could the crisis be used, as Friedman had suggested, to 'produce real change'?

The legislative avalanche began immediately and has not let up. It begins negatively ('the mess the previous government left us') but ends positively, in embracing radical structural reform as the solution. Ideology is in the driving seat, though vigorously denied. The front-bench ideologues - Osborne, Lansley, Gove, Maude, Duncan Smith, Pickles, Hunt - are saturated in neoliberal ideas and determined to give them legislative effect. As *One Flew over the Cuckoo's Nest* put it, 'The crazies are in charge of the asylum'. They are single-minded about the irreversible transformation of society, ruthless about the means, and in denial about the 'fall-out'. Osborne - smirking, clever, cynical, 'the smiler with the knife' - wields the chopper with zeal. Cameron - relaxed, plausible, charming, confident, a silver-spooned patrician, 'a smooth man' - 'fronts' the Coalition TV show. This crew long ago accepted Schumpeter's adage that there is no alternative to 'creative destruction'. They have given themselves, through legislative manoeuvring, an uninterrupted five years to accomplish this task.

Its wide-ranging character must be judged in terms of the operational breadth

of the institutions and practices they aim to 'reform', their boldness in siphoning state-funding to the private sector, and the number of constituencies they are prepared to confront. Reform and choice - words already hijacked by New Labour - are the master narrative. They may be Conservatives but this is *not* a 'conserving' regime (it is a bemused Labour which is toying with the 'blue-Labour' conservative alternative now). Tories and Lib Dems monotonously repeat the dissembling mantras of their press and public relations people: 'we are clearing up the mess inherited from the previous government'. But the neoliberal engine is at full throttle.

We cannot deal with the cuts in any detail here. They have only just started and there is much more to come. Instead we limit ourselves to tracking the neoliberal logic behind the strategy.

First, targeted constituencies - i.e. anyone associated with, relying or dependent on the state and public services. For the rich, the recession never happened. For the public sector, however, there will be massive redundancies, a wage freeze, pay running well behind the rate of inflation, pensions which will not survive in their present form, rising retirement ages. Support for the less well off and the vulnerable will be whittled away, and welfare dependency broken. Benefits will be capped, workfare will be enforced. The old must sell homes to pay for care; working parents must buy child care; and invalidity benefit recipients must find work. Sure Start, the schools refurbishment programme and Independent Maintenance Grants are on hold. Wealthy parents can buy children an Oxbridge education, but many other students will go into life-long debt to get a degree. You cannot make £20 billion savings in the NHS without affecting front-line, clinical and nursing services. Andrew Lansley, however, 'does not recognise that figure'. Similarly, though everybody else knew most universities would charge the maximum £9000 tuition fees, David 'Two-Brain' Willetts doesn't recognise that figure. Saying that square pegs fit into round holes has become a front-bench speciality.

Women stand where many of these savage lines intersect. As Beatrix Campbell reminds us, cutting the state means minimising the arena in which women can find a voice, allies, social as well as material support; and in which their concerns can be recognised. It means reducing the resources society collectively allocates to children, to making children a shared responsibility, and to the general 'labour' of

care and love.

Second, there is privatisation - returning public and state services to private capital, re-drawing the social architecture. Privatisation comes in three sizes: (1) straight sell-off of public assets; (2) contracting out to private companies for profit; (3) two-step privatisation 'by stealth', where it is represented as an unintended consequence. Some examples: in criminal justice, contracts for running prisons are being auctioned off, and in true neoliberal fashion Ken Clarke says he cannot see any difference in principle whether prisons are publicly or privately owned; in health care, the private sector is already a massive, profit-making presence, having cherry-picked for profit medical services that hospitals can no longer afford to provide; while in the most far-reaching, top-down NHS reorganisation, GPs and other professionals, grouped into private consortia, will take charge of the £60 billion health budget. Since few GPs know how or have time to run complex budgets, they will 'naturally' turn to the private health companies, who are circling the NHS like sharks waiting to feed. Primary Care Trusts, which represented a public interest in the funding process, are being scrapped. In the general spirit of 'competition', hospitals must remove the 'cap' on the number of private patients they treat.

Third, the lure of 'localism'. In line with David Cameron's Big Society, 'free schools' (funded from the public purse - Gove's revenge) will 'empower' parents and devolve power to 'the people'. But parents - beset as they are by pressing domestic and care responsibilities, and lacking the capacity to run schools, assess good teaching, define balanced curricula, remember much science or the new maths, or speak a foreign language, while regarding history as boring, and not having read a serious novel since GCSE - will have to turn to the private education sector to manage schools and define the school's 'vision'. Could the two-step logic be clearer?

Fourth, phoney populism: pitching 'communities' against local democracy. Eric Pickles intends to wean councils permanently off the central grant system. Meanwhile, social housing is at a standstill, housing benefits will be cut and council rents allowed to rise to commercial levels in urban centres. Many will move to cheaper rentals, losing networks of friends, child support, family, school friends and school places. Parents must find alternative employment locally - if there is any - or allow extra travelling time. Jobseekers' allowances will be capped.

As the private housing lobby spokesperson said, 'we are looking forward to a bonanza'. Since the early days of Thatcher we have not seen such a ferocious onslaught on the fabric of civil society, relationships and social life.

Fifth, cutting down to size state involvement in quality of life. Amenities like libraries, parks, swimming baths, sports facilities, youth clubs, community centres will either be privatised or disappear. Either unpaid volunteers will 'step up to the plate' or doors will close. In truth, the aim is not - in the jargon of '1968' from which the promiscuous Cameron is not ashamed to borrow - to 'shift power to the people', but to undermine the structures of local democracy. The left, which feels positively about volunteering, community involvement and participation - and who doesn't? - finds itself once again triangulated into uncertainty. The concept of the 'Big Society' is so empty that universities have been obliged to put it at the top of their research agenda on pain of a cut in funding - presumably so that politicians can discover what on earth it means: a shabby, cavalier, duplicitous interference in freedom of thought.

What is intended is a permanent revolution. Can society be permanently reconstructed along these lines? Is neoliberalism hegemonic?

The protests are growing. Weighty professional voices are ranged against structural reforms, and the speed and scale of cuts in a fragile economy. There are pauses, rethinks and u-turns. There may be more. If the Lib-Dem 'wheeze' of delivering cuts in government and campaigning against them at the next election fails to persuade, they face the prospect of an electoral wipe-out. The Coalition may fall apart, though at an election the Conservatives might get the majority they failed to muster last time. What happens next is not pregiven.

Hegemony is a tricky concept and provokes muddled thinking. No project achieves 'hegemony' as a completed project. It is a process, not a state of being. No victories are permanent or final. Hegemony has constantly to be 'worked on', maintained, renewed, revised. Excluded social forces, whose consent has not been won, whose interests have not been taken into account, form the basis of counter-movements, resistance, alternative strategies and visions … and the struggle over a hegemonic system starts anew. They constitute what Raymond Williams called 'the emergent' - and are the reason why history is never closed but maintains an open horizon towards the future.

However, in ambition, depth, degree of break with the past, variety of sites being colonised, impact on common sense and shift in the social architecture, neoliberalism does constitute a *hegemonic project*, a theme that Doreen Massey takes up in her contribution to this debate. Today, popular thinking and the systems of calculation in daily life offer very little friction to the passage of its ideas. Delivery may be more difficult: new and old contradictions still haunt the edifice, in the very process of its reconstruction. Still, in terms of laying foundations and staging the future on favourable ground, the neoliberal project is several stages further on. To traduce a phrase of Marx's: 'well grubbed, old mole'. Alas!

Stuart Hall is a founding editor of *Soundings*.

Notes

1. David Harvey, *A Brief History of Neoliberalism*, OUP 2007.

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4. S. Hall, C Critcher, J. Jefferson, J. Clarke and B. Roberts, *Policing the Crisis*, Macmillan 1978.