

**Second Thoughts on “The Death of the Social?”:  
Neoliberalism as Critique**

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“While the destabilization of social theory was pioneered by those who would describe themselves as progressives, the relation of those on the left to the transformations in the welfare state has been almost entirely negative. This is not surprising, given the intimate relations between socialism, as a rationality for politics, and the proliferation of social devices that made up welfare: the social state, social insurance, social service, the social wage, social protection, and the rest. But we need to interrogate this opposition, in which the forces of progress seem obliged to take the side of the social against the forces of reaction which stand for individualism, competition, the market, and the like”

Nikolas Rose (1996)  
“The Death of the Social”<sup>i</sup>

“A critique is not a matter of saying that things are not right as they are. It is a matter of pointing out on what kinds of assumptions, what kinds of familiar, unchallenged, unconsidered modes of thought the practices that we accept rest. We must free ourselves from the sacralization of the social as the only reality and stop regarding as superfluous something so essential in human life and in human relations as thought....Criticism is a matter of flushing out that thought and trying to change it; to show that things are not as self-evident as one believed, to see that what is accepted as self-evident will no longer be accepted as such.”

Michel Foucault (1981)  
“Practicing Criticism”<sup>ii</sup>

## **Neoliberalism and the Social State, 1950**

In 1950 a young economist recently hired at the University of Tennessee published an article in the *American Economic Review* entitled “Federalism and Fiscal Justice.” It was an article that likely could not have appeared in this leading disciplinary journal only a few decades later. It contained no formal model and no advanced statistical technique; it was equal parts political philosophy, practical morality, and qualitative economic reasoning. The article’s topic was not the economy but government. Specifically, it focused on fiscal aspects of the federal system of government in the United States.

“Federalism and Fiscal Justice” began by outlining a problem that, its author claimed, is general to federal systems, with their complex distribution of functions among national, state, and local units. If some sub-national units of a federal polity are richer than others, then differences will arise in the amount, quality, and cost of services provided to people living in different parts of the country. These problems, the author observed, were relatively marginal in the largely agricultural economy of the United States when the American system of government was set up. But it had grown progressively more acute due to three distinct factors. First, “the continual industrialization, specialization, and integration of the economy on a national scale [had] tended to concentrate high income receivers in specific geographical areas.” In this process “the economy grew more productive, but the inequalities in personal incomes and wealth increased.” Second, the “extension in the range of governmental activity at all levels of the political hierarchy...required the diversion of greater and greater shares of the total of economic resources through the fiscal mechanism.” Government, through its fiscal operations, was playing an increasingly important role in allocating economic resources; private markets, by implication, were playing a diminished role. Third, this “extension of governmental activity” had taken place “largely through the increase in the provision of social services.” Coupled with the progressivity of the federal income tax, the result was a growing “amount of real income redistribution accomplished by the operation of the fiscal system.”

Economic integration and growing inequality; an expansion of government, particularly in the provision of social services; an increasingly important government role in redistribution. The interaction of these factors, argued this author, presented challenges to the U.S. federal system. Inequality and the geographical concentration of wealth resulted in growing “disparities among the states in their capacities to support public services” (584). These disparities acquired a distinctive significance with the rise of what this author referred to as “the social state”—a state in which “more government services were provided equally to all citizens, or upon some basis of personal need.” If social services and social protections were part of the basic bargain of citizenship in a country with significant interregional income disparities, then a federalized system of financing created a *political* inequity, an inequity in the terms of the social contract for different citizens. A person living in a poor state would have to pay a higher rate of tax than a person in a rich state to get the same amount and quality of public services. This circumstance, the author argued, offended the principle of equal treatment for equals, which provided an essential “guide to the operations of a liberal democratic state, stemming from the same base as the principle of the equality of individuals before the law” (p. 587).

One solution, proposed by observers who viewed American federalism as “outmoded,” was to completely centralize the political system in order to “resolve the peculiar fiscal problem of federalism.” In a centralized system “regional differences in standards of public services and/or burdens of taxation would not exist” (585). But the author of “Federalism and Fiscal Equity” did not entertain this alternative, since it implied a fundamental departure from American traditions of local democracy. Instead, he argued, some mechanism was required that would make possible “equal fiscal treatment for equals” within the existing federal arrangement (588).

The author proposed two possible approaches. First, the federal government could transfer tax revenue collected in rich states to the governments of poor states in an amount that would make it

possible to fund the same level of services at the same rate of taxation in each state. Such transfers would be based on formulas that modeled the fiscal structure of the social state in a given sub-national unit, taking into account both the local revenue base and the expenditures required to meet agreed upon social needs. A second possibility, which the author thought to be theoretically preferable but practically difficult and possibly unconstitutional, was to organize transfers through geographically adjusted rates on the federal income tax. Rates would be raised on people in rich states and lowered on people in poor states. In some cases, poor people in poor states would have a negative income tax—they would receive a cash payment from the federal government. Either solution entailed a very substantial redistribution of resources from rich parts of the country to poor parts of the country. In either case, this redistribution would automatically increase as inequality grew and the scope of services and protections provided by government expanded.

The author of these reflections on the techno-politics of the social state in the middle of the 20<sup>th</sup> century was James M. Buchanan, the economist who, thirty-six years later, received the Nobel Memorial Prize for his work on public choice. Two years before the publication of “Federalism and Fiscal Equity” Buchanan had completed a dissertation on the same topic as a student of Frank Knight at the University of Chicago. Along with two other Knight students—George Stigler and Milton Friedman—Buchanan is among the most important exponents of American neoliberalism.

So what does “Federalism and Fiscal Equity” tell us about American neoliberalism as it was just beginning its career? We can see that Buchanan was preoccupied with the changes in the American economic system roughly since the American Civil War: with industrialization, with economic integration, and with growing inequality. He was also deeply concerned with the more recent expansion of the social state, which he thought had implications for classical liberal notions of equity, for the American system of federal government, and for the efficient functioning of the market system. But it is

striking that this American neoliberal presents neither an argument against the social state nor a proposal for rolling it back. Quite the contrary, he was convinced that the social state was here to stay. Indeed, he anticipated in this article that the distinctive problems the social state posed to the American political system would only grow, thus making ever more urgent the kind of analysis he was undertaking and the kinds of solutions he was proposing. Moreover, though he did not address the issue in any depth, Buchanan signaled support for the growing government role in redistribution. He referred to the fiscal system as the major means through which the unequal distribution of income produced by market exchange was “redressed toward one which is more ethically acceptable” (p. 590). The crucial point and distinction, for Buchanan, was that not all ways of organizing redistribution were the same. The social state had grown without any substantial reform of the federal system to accommodate it, resulting in economic inefficiency and political inequity. It is curious that Buchanan refers to this state of affairs—which he criticizes—as one of *laissez faire*. His “neoliberal” proposal, by contrast, calls for active reform of the federal system to accommodate the norms and institutions of the social state to the norms and institutions of political liberalism and a market economy.

It goes more or less without saying that the picture of neoliberal thought that emerges from Buchanan’s article sits uneasily with the understanding of neoliberalism that has become conventional in the critical social sciences over the last fifteen years. It has been taken for granted that neoliberal doctrine is opposed to social welfare and to redistribution; that it is ‘congenitally blind’, as the sociologist Peter Evans put it, ‘to the need for social protection. It is more or less assumed that the basic aim of neoliberal reform is to deconstitute institutions of social protection and economic regulation, either through a general retrenchment of government in favor of the market, or through programs that move the locus of governing outside the state. If elements of the social state persist they are generally understood as the products of resistance or intransigence; if new elements of the social state appear,

they are understood, following Jamie Peck, as ameliorative compensation for the devastation wrought by market reform. Neoliberalism and the social state, in short, are opposed terms.

I don't want to pretend that one article written by James Buchanan in 1950 can bear the weight of refuting this critical conventional wisdom about neoliberalism and the social state. It is one statement on one relatively technical problem by one exponent of neoliberalism in one country. Other examples could be adduced—including examples from Buchanan's corpus—that would tell a different story. Instead, I mean to offer Buchanan's article as the basis for forming a hypothesis to be investigated. Might we be able to understand neoliberalism, at least in some cases, and for certain purposes, not as something opposed to the social state but as an attempt to reanimate and rework the principles of political and economic liberalism in light of the reality of the social state, for a world in which the norms and forms of the social state *are and will continue to be a reality*? If so, might it be necessary to rethink conventional understandings about not only the *content* of neoliberal doctrine but also about the *kind of thing* that neoliberalism is? Would we have to understand neoliberalism not as a coherent edifice—whether conceived as a static doctrine or a variegated hegemonic project—but as a style and practice of thinking that aims, in part, to point out the inefficiencies, inequities, and irrationalities of the social state and to propose modifications to it, but that also functions as a form of critique in Michel Foucault's sense, a movement of thought that refuses the “sacralization of the social” without necessarily refusing the norms and aims of the social state?

In what follows I do not intend to offer a full defense of this position. But I do want to work around it a bit, to approach it from a couple different angles, to see what kinds of questions and problems might be thereby opened up.

## **The Post-Soviet Social**

As I have described in my book, *Post-Soviet Social*, I stumbled upon James Buchanan in an entirely accidental way in the course of my work on Soviet and post-Soviet Russia. I want to take a couple moments to describe how this happened, because I think it helps illuminate why my encounter with Buchanan's early texts opened up a particular way of understanding neoliberalism and the social.

When I began to think about Russia in the mid- to late-1990s, debates over post-Soviet transformation had taken a particular shape that was both typical of, and exemplary for, broader discussions of globalization and neoliberalism. During the 1990s reform in Russia focused on big issues of macroeconomic management and economic governance: privatization; interest rate and exchange rate policy; fiscal balance, and so on. Advocates of such policies argued that, if implemented properly, they could quickly turn Russia into a market economy that would at least be better than socialism for most people. Critics contended that these policies would result in catastrophe for human communities shaped by planning and exposed suddenly to markets. As I argue in *Post-Soviet Social*, these critics cast the stakes of post-Soviet transformation—sometimes implicitly, often explicitly—in the terms Karl Polanyi used to describe the birth of the liberal creed and the creation of market society in early 19<sup>th</sup> century Britain. They saw reformers as exponents of a new liberalism that revived classical liberalism's unquestioning faith in the "self-regulation and harmony" of free markets. And they pointed to myriad examples of resistance to liberalizing reform, understanding them as instances of what Polanyi described as the "self-protection of society," defending itself against the ravages of the market.

My expectations and questions were structured by this "Polanyian" framing of post-Soviet transition. At the very least, it provided a baseline interpretation of the stakes of neoliberalism, both in the post-Soviet context and more generally: markets versus an existing substantive organization of society that, in this case, had been constituted by the social state. Certainly, it suggested a way to make quick sense of the situation in the small industrial cities in which my own fieldwork was situated.

Following the collapse of Soviet planning institutions the enterprises in such cities experienced dramatic collapse. Since everything in these cities revolved around major industrial enterprises, everything was affected by these enterprises' rapid decline; they seemed threatened, indeed, by what Polanyi called "death from exposure" to market forces. At the same time, a range of mechanisms served to prop up these cities during the hard years of the 1990s, whether these were government subsidies to enterprises, the barter economy, various "informal" activities such as household labor on garden plots, or government welfare payments, budgetary transfers, and social services. This dynamic was, again, readily legible in Polanyian terms. The devastation of neoliberal marketization—of markets disembedded *from* society<sup>iii</sup>—triggered self-protection: society must be defended.

Had I conducted fieldwork in the mid-1990s it is entirely possible that I would have simply confirmed this Polanyian story – or confirmed, at least, that this was how the politics of neoliberal reform were playing out in post-Soviet Russia. But my fieldwork began only in the second half of 1999, by which time the situation had changed in important ways. The ruble was devalued in the summer of 1998, immediately changing the terms of trade for Russian producers. Industrial enterprises recovered rapidly in many small industrial cities, including the ones I worked in. This recovery combined with a rise in global oil prices to relieve pressure on government budgets. Social welfare payments and public sector wages began to flow with greater regularity, and vital social services were better funded. Many cities whose very survival seemed in question during the 1990s showed signs of life.

At the same time, the reform agenda shifted. The big economic governance items like privatization and liberalization were either completed or had gotten as far as they were going to get. In any case, without pressure from external creditors—whose money the government no longer needed—the high profile battles over such reforms were a thing of the past. Instead, reforms turned to ongoing concerns of state administration, to institutions of budgetary management, infrastructure provision, and



social welfare that are core to the social state that had been inherited from socialism. As I began my fieldwork in 1999 these reforms seemed to present a window on the relationship between neoliberalism and the social state. I focused on two areas. The first was reform of urban communal services, particularly heat. The second, which I want to say something about, was reform of what Russians call the system of “interbudgetary relations.”

Like a fiscal federal system the interbudgetary system defined the relationship among local, regional, and central budgets. But there was no federalism under socialism. This Soviet interbudgetary system was both centralized and unitary: every finance office in the country was a part of the Soviet Ministry of Finance. During the Soviet period the system of interbudgetary relations was critical to the articulation of Soviet social modernity. Through it, norms for social provisioning established by central ministries of health, housing, education, and so on, were translated into budgetary allocations. Fiscal flows were directed to regional and local governments to close gaps between the amount of tax revenue collected in any locality and the amount required to fund norm-defined levels of social and urban services.<sup>iv</sup> In some respects this system was a huge success. It provided access to a range of basic social goods and services on a relatively equal basis for a huge population spread over a vast territory. This system also had some major problems. The services it financed were grotesquely inefficient. Moreover, in centralizing both finances and decisions about what services should be provided, this system eliminated local control over conditions of local existence.

So what happened to this system for financing the social state following the break-up of the Soviet Union? In the first post-Soviet constitution regional and city governments were given nominal control over their budgets. But given the circumstances this autonomy was at best a mixed gift. The crushing economic downturn meant that huge disparities emerged in the resources available to different localities. In most cities yawning gaps opened between available revenues and the amounts

required to fund long-established social and urban services. The federal government transferred some funds to close these gaps; after all, some of them were legally or constitutionally guaranteed. But these transfers were sporadic and uncertain. Ultimately responsibility for financing was unclear. Moreover, they were woefully inadequate. By the late 1990s most small cities like the ones I worked in were drowning in arrears to teachers and doctors, unable to provide services or to maintain the existing social infrastructure, and scrambling to squeeze more money out of central authorities.

Although local finances improved a bit with the recovery that followed the devaluation, these were more or less the circumstance that confronted reformers when they turned to the interbudgetary system in the late 1990s. So what did they propose? First of all, reformers proposed to clarify interbudgetary relations by clearly defining the revenues to which a given governmental level was entitled, and the services they had to provide. Such measures would increase the autonomy of local governments, but simultaneously “responsibilize” them, making them responsible for local conditions. At the same time, reforms proposed a new mechanism for redistributing funds from rich to poor regions, and from rich to poor cities to redress the disparities in local capacities that emerged through the liberalization of the Soviet economic system. These redistributive transfers were based on formulas that incorporated estimates of both the local resource base and social service “needs,” which were determined using socialist norms for social provisioning. As such, this new system of transfers was centrally concerned with financing the social state that had been inherited from Soviet socialism. What they proposed was not of course a *return* to the Soviet social; indeed these reforms were articulated on the basis of a critique of the effects of that centralized system both for efficiency and for the norms of liberal democracy. Instead, formula-based redistribution was explicitly understood as a means to craft an accommodation between liberal democracy, efficiency, and certain norms of Soviet social modernity.

If these reforms were “neoliberal” then they suggested a very different relationship between neoliberalism and the social than the one suggested by the Polanyian story that dominated critical discussions of post-Soviet transformation. But were they neoliberal? Given the way I began my story here, the answer should be clear. I traced these reforms back to a USAID-backed technical assistance program, and from there to a body of theory and practice about redistribution in a federal system that explicitly identified James Buchanan’s work of the early 1950s as its starting point.

### **Neoliberalism as...What? Rethinking Rose**

So I was left with a question about neoliberalism that was both substantive—concerning the content of neoliberal doctrine—and methodological—concerning the *kind of thing* that neoliberalism is and the way it should be situated in a field of inquiry. The Polanyian story saw neoliberalism and the social as symmetrical and opposed forms. But in the domains I studied things were all mixed up. So how to think about this?

I want to address this question by reflecting on one conceptual point of reference that was important to me as I was working through these issues—Nikolas Rose’s work on advanced liberalism. In a series of articles published during the 1990s Rose took up Michel Foucault’s reflections on political rationality—known to most of us at that time only through a couple lectures that focused on the theme of “governmentality”—to analyze what he called “advanced liberal” democracies. Rose understood what he called “advanced liberalism” through an *analytic* contrast with “welfare” or government “from the social point of view.”<sup>v</sup> Since Rose’s work is well-known, I want to just quickly lay out this contrast and to make a couple points about how it has been taken up.

Rose began with an analysis of the social that is obviously indebted to a Foucaultian tradition. He understood the social not as a background reality or an “eternal existential sphere” but rather as a

“novel place of territorialization” that, “within a limited geographical and temporal field...set the terms for the way in which human intellectual, political and moral authorities, in certain places and contexts, thought about and acted upon their collective experience” (2008[1994]: 86). The social was constituted through apparatuses that had a number of features, of which I will highlight a few. First, they rested on forms of knowledge that understood phenomena such as crime, illness, unemployment, and so on as pathologies of the social field, by analyzing the regular patterns of their occurrence. Second, the social was constituted through new kinds of intervention that “solidarized” people by, for example, pooling and distributing risks. Third, a central role in the constitution and government of the social was played by experts—economists, sociologists, penologists, and so on—who were situated within “enclosures” of governmental authority. Fourth, these experts—and the policymakers they advised—were presumed to be able to speak and act in the name of a collective, public interest, in the name of society as a whole. Fifth, a tight relationship was established between ideas of political citizenship and the interventions of the social state. Government responsibility for the social, for social problems, became a key element of the political contract. All of this is familiar enough. The point I want to emphasize here is simply that society, in this analysis, was constituted and came to be more or less taken for granted as an object of specialized knowledge, a target of governmental intervention, and a political subject.

Rose contrasted this political rationality of “welfare” to what he called “advanced liberal” forms of government. Again the basic features are familiar. First, advanced liberalism rested on new kinds of knowledge and expertise that focused not on aggregates and collectivities but on individual choice and decision-making; a shift, we might say, from a macro-social to a micro-economic point of view. Second, where government from the social point of view was solidarizing, advanced liberal forms of government were individualizing. They worked, again, on the micro-economic level, governing the choices of autonomous agents at a distance, and in their freedom. Third, where government from the social point of view rested on social science expertise, advanced liberal government called the authority of

substantive expertise about the social into question. It valorized other kinds of formal expertise, but also relied on citizens or communities to discover their own truth within frameworks of calculation and choice. Fourth, where government from the social point of view aimed to govern in the name of collective values, advanced liberal government emphasized individual or community values, calling into question the very idea of a general public interest. Fifth, and finally, in place of a social contractarian conception—involving “a relation of obligation between society and government”—advanced liberal forms of government worked through relations of “allegiance and responsibility to those one cared about the most and to whom one’s destiny was linked” (2008[1994]: 87)—the family or the community, however constituted.

Nearly twenty years after the publication of Rose’s articles, it hardly needs to be said that these distinctions are extraordinarily powerful and influential. But their reception testifies to some ambiguity about how they should be taken up. Generalizing and simplifying, I think that there have been two important and contrasting interpretive tendencies. The first, probably the dominant one, takes this analytic distinction as an empirical distinction. Advanced liberalism and social government are symmetrical and opposed forms. Each entails an alignment between forms of knowledge, techniques, ideas about individual or collective values, modes of subjectivation, and propositions about the nature of legitimate government. In this view, the distinction between them gives us the key to understanding an epochal shift in governmental rationality and practice that could be mapped onto structural transformations (in, for example, global capitalism).<sup>vi</sup> I don’t want to spend much time on this story, except to say that, on the one hand, it is consistent with what I have called the “critical conventional wisdom” about neoliberalism and that, on the other hand, Rose has made it quite clear that this is not the picture he intended to paint.<sup>vii</sup>

Another interpretive tendency has moved in a quite different direction. It argues that by focusing our attention on the register of techniques and practices of advanced liberal government Rose. In this reading, Rose made it possible to show that the political orientations of neoliberal thinkers do not predetermine how their styles of thinking and techniques of government are taken up. Advanced liberal techniques are mobile and amenable to redeployment across contexts; they can be used for different kinds of political purposes. In this view there is no deep structural logic that animates the diverse forms of advanced liberal government. Rather, there is a focus on the contingent assemblage of various elements in particular countries and sectors.

This is a kind of analysis that I find appealing, and that I initially tried to develop to make sense of my fieldwork in Russia.<sup>viii</sup> I think it is impossible to ignore its continuing importance. The real dynamism in the evolution of governmental technique over the last twenty years has been and in many respects continues to be around the remarkable diffusion of advanced liberal models of government in political contexts that are very different from the Thatcherite and Reaganite experiences that are often regarded as the classical *loci* of neoliberal government.

That said, I have come to think that there are limitations to this form of analysis. It runs the risk of simply multiplying local examples of hybrid assemblages. One can thereby lose sight of a broader mutation in the topology of political government. Such analyses may also lose sight of neoliberalism as a specific phenomenon. They often seem to accept—if only implicitly—that there is a pure and ideal form of neoliberalism that is opposed to social government, but that the techniques created by neoliberal thinkers get out of their hands, and are used for very different ends. But is it really the case that in its original conception, in its original purity, neoliberalism is opposed to the social state? It is precisely this point that I was forced to rethink, not so much by my fieldwork in Russia but my subsequent encounter with James Buchanan's work on fiscal equity.

So how else might we understand the relationship between the social state and neoliberalism? I think resources for making progress on this question can be found in Rose, though we have to push his work in a direction that is a bit different from the one taken in the two interpretive tendencies I just outlined. I want to circle back to one of Rose's more striking claims concerning what he calls "the death of the social." What did Rose mean by this? A couple initial points: First, the title of Rose's article by that name is followed by a question mark: this is a problem not a declaration. Second, his question is not whether the enormous edifice of institutions, resource flows, norms, statutes, practices, and knowledges that constituted the social state is simply withering away. He wrote that "it is not...a question of the replacement of 'the social'" since "the spatialization and territorialization of political thought does not proceed in such linear sequences" (Rose 2008[1994]: 111)<sup>ix</sup>; and he refers to the "undoubted persistence of the theme of society and social cohesion in contemporary political argument" (87).

So what does it refer to? Rose's answer is not entirely unambiguous, but one thing that has unequivocally died, in his view, is the *self-evidence* of the social: the self-evidence of the social as the frame for knowledge about collective existence; the self-evidence of the social as governmental object and as political subject; the self-evidence of notions of *public value* or *social welfare* understood as a general and collective interest; the self-evidence of the social, most broadly, as "a kind of 'a priori' of political thought" (Rose 2008[1996]:86). And what explains this loss of self-evidence? Here, Rose refers passingly but suggestively to various kinds of criticism, ranging from theoretical criticism in the social sciences to a whole range of criticisms—situated on different parts of the political spectrum<sup>x</sup>—that targeted particular aspects of the social state. For example he notes "diverse criticisms of the expert powers installed by welfare states" that were articulated by "libertarians of left and right, progressives, humanists, proponents of civil rights and advocates of empowerment" (87). As a consequence of these

criticisms, Rose concludes, “the very meaning and ethical salience of [the social] is under question” (112).

There is a lot to say about this. I want to make a general and perhaps obvious point. In pointing to a loss of self-evidence Rose shifts our attention to the register of thought, or to the register of thinking, and specifically to the register of what Michel Foucault, in his late work, called “critique.” In a 1981 interview, Foucault said that “A critique is not a matter of saying that things are not right as they are. It is a matter of pointing out on what kinds of assumptions, what kinds of familiar, unchallenged, unconsidered modes of thought the practices that we accept rest....Criticism is a matter of flushing out...thought and trying to change it; to show that things are not as self-evident as one believed, to see that what is accepted as self-evident will no longer be accepted as such.” A loss of self-evidence is something that can happen in some independence from a shift in norms, a transformation in collective relationships, or a rupture in institutions. It first of all involves a shift in the possible ways of thinking about and relating to norms, collective relationships, and institutions. The “death of the social,” the death of the self-evidence of the social, thus points first of all to a modulation in the possible ways of thinking about and relating to the institutions and norms of the social state.

### **Neoliberalism as Critique**

In 1949, one year before the publication of “Federalism and Fiscal Equity,” James Buchanan wrote an article titled “The Pure Theory of Government Finance” in the *Journal of Political Economy*. The article addressed a fundamental question concerning the economic analysis of government: How does one think about the value produced—and the burdens imposed—by the activity of government? How does one analyze government activity, government choice, from an economic perspective? Marginalist theory, Buchanan pointed out, provided the grounds for modern economics to conceptualize value as it



was produced in markets by replacing the “substance” theory of value found in classical political economy with a “subjective” theory, which posited that value was derived from the preferences of economic agents.<sup>xi</sup> The question was whether an equivalent conception could be defined for the value produced by government that might provide a guide for the fiscal operations of government.

“A framework for the pure theory of government finance,” Buchanan wrote, “may be erected on either of two political foundations, which represent, in turn, two separate and opposing theories of the state.” The first political foundation for a theory of government finance was what Buchanan called the “organismic” approach, which he associated with the dominant Pigovian public finance economics of the time. It posited that the state was a “single decision-making unit acting for society as a whole,” and that government “sought to maximize some conceptually quantifiable magnitude.” This magnitude was defined through concepts such as “general welfare” or “social utility” that had become increasingly important in justifying government programs in the United States since the New Deal. In this organismic view, Buchanan observed, it was the function of what Pigou called the fiscal “brain” to select “the values of [the] many variables which will maximize social utility” (1949: 496). Buchanan saw a major difficulty relating to the values that the fiscal brain was supposed to maximize. The concepts of social welfare economics were, he argued, fundamentally mysterious. How was public interest or social utility defined? What was this “society” or “public” for whom these values were valuable? How, and by whom, would they be discovered?

Buchanan contrasted the Pigovian “organismic” view of the state to a second approach in which “the individual replaces the state as the basic structural unit.” This “individualistic” position began from classic liberal contractarian propositions. “The state,” Buchanan wrote, “has its origin in, and depends for its continuance upon, the desires of individuals to fulfill a certain portion of their wants collectively. The state has no ends other than those of its individual members and is not a separate decision making

unit. State decisions are, in the final analysis, the collective decisions of individuals” (1949: 498). In this contractarian view the state was not a coherent actor that maximized anything. And there was, in any case, no “general welfare” function to be maximized since there was no “society” to whose “utility” such a concept might refer. Instead, public finance should be analyzed as part of an exchange, in which citizens traded one value for another. Budgeting was part of the process of politics as conceived in the liberal tradition, through which individuals got together to achieve ends that could not be achieved in isolation. For Buchanan this individualistic perspective suggested that it was not some elusive general welfare or public interest but the balance in the exchange “between the contributions made and the value of public services returned to the individual” that should be regarded as “the relevant figure” in thinking about the value produced, or taken away, by government.<sup>xii</sup>

Buchanan clearly meant to undermine the self-evidence of the organismic view, and to assert the relevance of the contractarian conception. But this was not an exercise in dogmatic assertion of first principles. “Neither construction,” Buchanan wrote, “is entirely appropriate when applied to all the problems faced in the fiscal area.” Consequently, the “proper methodological procedure” was to compare their relevance in providing both “theoretical guides to action” and “a realistic approach to practical policy.” It is curious to note what policy he used to illustrate the advantages, as he saw them, of the contractarian approach. At the conclusion to this article he noted that “The redress of the prevailing income toward greater equality has been accepted as one of the fundamental purposes of the fiscal system in the modern state” (504). The problem with an organismic theory of public finance is that in conceiving of “society” as the beneficiary of the policies of the social state, it obscured rather than revealed redistributive effects. Buchanan regarded the contractarian or individualistic framework as more relevant for organizing such *interpersonal* redistribution, and argued that particularly with the rise of the social state this contractarian view would become more rather than less important. An increasing range of publicly provided goods were not pure public goods that benefit all citizens equally. Social

services and economic regulations tended to have specific and identifiable beneficiaries. They could be interrogated, consequently, for their contribution to the socially accepted goal of interpersonal redistribution. It is not difficult to see how such considerations informed Buchanan's theory of fiscal justice that I discussed earlier.

So what we see in Buchanan, and, thus, in at least one part of American neoliberalism at its very beginning, was not an argument *against* the norms of the social state or against its growing role in redistribution and in the collective provision of public services. Instead we find a critique of the social state, an argument against the self-evidence and coherence of a particular "organismic" conception of the social, against what Foucault called the sacralization of *that* social. I want to tread very carefully, and to repeat my initial qualification. I don't mean to suggest that Buchanan can bear the weight of making this case for all of neoliberalism, whatever that might mean. I simply want to raise the possibility of understanding Buchanan's neoliberalism as critique in precisely Foucault's sense. This may be hard to swallow. But it is perhaps worth mentioning that, as Andreas Folkers has recently argued, in his late work Foucault was turning from an analysis of genealogy *as* critique to a genealogy *of* critique. And it is precisely in the midst of this development in his thought that he turned to an analysis of liberalism and neoliberalism. Moreover, it may be useful to recall that in this later work Foucault did not analyze critique as a rarified activity. In his discussions of liberalism and neoliberalism Foucault repeatedly referred to the couplet of critique-programming, what Folkers has called the "double movement" of "the process of governmentalization and the critique of political reason."<sup>1</sup> I would suggest in this light that we can identify neoliberalism as one of those forms of critique that contributed to the death of the social. Among these forms, neoliberalism stands out for the extraordinary range of proposals for governmental interventions that it made possible.

## **Conclusion**

I would like to conclude with a set of propositions—that really are offered in a provisional way—about the implications of this analysis for the way that we think about neoliberalism and the social.

First, if we conceive of neoliberalism as critique, then we must understand the relationship to the social state as constitutive for neoliberalism. That is to say, we cannot imagine neoliberalism—and we certainly cannot make sense of it—without taking into account the fact of the social state in the specific forms it took during the 20<sup>th</sup> century. Neoliberalism is an attempt to reanimate, to revise, and perhaps even to reassert the relevance of the principles of economic and political liberalism in light of the fact of the social state. As such, I think we begin with an original asymmetry rather than symmetry between neoliberalism and the social state: on the one hand, the fact of the social state, with its embedded norms, its patterns of provision, its architecture of laws and administrative procedures; on the other hand, neoliberalism as critique, and its proposals to program or reprogram the social state.

Second, it is crucial to distinguish between a critique of the social state, which takes aim at the take-for-grantedness of the social, and an outright rejection of the very norms and institutions of the social state. To show that, for example, an organismic view of society and the state is only one way to think about norms such as redistribution or the provision of social services is not to reject the possibility that government ought to engage in redistribution or to provide social services. Indeed, in Buchanan we find a neoliberal critique that explicitly accepts norms, but calls into question the political imaginary in which they are defined and worked out.

Third, and following on this, an analysis of neoliberalism as critique would suggest different ways to think about the transformations precipitated by neoliberal reform. It will not be adequate to imagine the edifice of the social state attacked or replaced by another edifice of advanced liberal government. Instead, we need a language that describes a more nuanced reality, a language of redeployment, reconfiguration, topological mutation. It is through such a language that an analysis of

neoliberalism as critique helped me think through the transformations I observed in post-Soviet Russia, where the continuing reality of the Soviet social state—in neoliberal times—was an overwhelming fact.

Fourth, it might be possible to think of the death of the social—understood as the loss of self-evidence of a certain social—as also the condition of possibility of a new social, a new life of the social. Here, I have often found it useful to draw an analogy—though an admittedly rough analogy—to Ulrich Beck’s work on reflexive modernization. The death of the social entailed a crisis of expertise about the social, a loss of the self-evidence and legitimacy of a particular way of defining the norms and aims of the social state. It precipitated a reflexive turning in, through which social modernity became a theme and problem for itself. But this reflexive moment is still a moment of social modernity, part of the history of the social state, and part of the history of the social. The concept of the “post-social” does not provide much help in understanding this state of affairs, any more than a concept of the “post-neoliberal” provides much help in describing the new configurations of liberal government and social welfare that have been emerging in recent years.

I do not intend for this concluding note to be optimistic, nor should it be understood as praise of neoliberalism. I do, nonetheless, want to suggest the possibility of understanding neoliberalism as a kind of critical opening through which it becomes possible to see certain kinds of relationships and formations that were previously difficult to discern, and, thus, a certain kind of critical opportunity to think again about what the social has been, and about what it might still become.

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<sup>i</sup> Nikolas Rose “The Death of the Social” in Peter Miller and Nikolas Rose, *Governing the Present* (Cambridge: Polity, 2008[1996]), p. 85.

<sup>ii</sup> In Lawrence D. Kritzman, ed. *Michel Foucault: Politics, Philosophy, Culture, Interviews and other Writings, 1977-1984*. (New York: Routledge, 1988), pp. 154-5

<sup>iii</sup> This is of course Polanyi’s famous characterization of the distinctive quality of “market society.” The distinction between “embedded” and “disembedded” markets was crucial for Polanyi and for a long tradition of economic anthropology, which used the analysis of embedding to show why classical liberal political economy—invented to analyze the distinctive form of market organization that emerged in the early 19<sup>th</sup> century in Britain—could not be applied to other circumstances. Obviously this framework for analysis must confront the fact that not only “the

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market” but also “society” was invented in the 19<sup>th</sup> century, making the reference to other circumstances rather obscure. It bears noting that a similar gesture when applied to contemporary markets is taken to have critical significance in economic sociology: one aims to show that even markets in market society are “embedded” (whether in the social interactions among economic agents or the regulatory interventions of government).

<sup>iv</sup> A significant complicating factor in this system—which was particularly important in small cities—was the dominance of enterprises in some areas of social provisioning. For the present it is sufficient to present a stylized picture that focuses only on “territorial” budgets—corresponding to the finance office for a city or region. For a more detailed account of this and other aspects of the Soviet budgetary system see Collier (2009).

<sup>v</sup> The term “analytic” is Rose’s own (2008[1992]: 54).

<sup>vi</sup> This interpretive tendency is assimilable to a subtle Marxist analysis that takes into account significant variations in the forms of neoliberal government, as in the work of Mitchell Dean. It also bears noting that some Marxist scholars have been quite careful to move away from an epochal understanding of the neoliberal transformation by emphasizing an uneven and highly variegated process of *neoliberalization*.

<sup>vii</sup> See, for example, “Governmentality”.

<sup>viii</sup> I developed this kind of analysis in my work on “global assemblages” (Collier and Ong 2004) and in work on neoliberalism (Collier 2005; DeHart, Hoffman, and Collier 2006).

<sup>ix</sup> He presciently observed, for example, that social policies are increasingly being “articulated at a supra-national level” (Rose 2008[1996]: 86).

<sup>x</sup> Too little attention has been paid to the fact that this critique of the social was by no means exclusive to the right. In the areas that I have studied, right and left wing critics often found common cause in a critique of the social. If people like James Buchanan advanced a neoliberal criticism of excessive centralization at the expense of local government there was also Jane Jacobs, whose work was initially derided by many on the left as reactionary. If George Stigler formulated a neoliberal critique of regulation in the 1960s and 1970s, it found an ally in Ralph Nader, an early champion of the deregulation crusade. If there was a neoliberal assault on the public works programs that were a hallmark of the New Deal in the United States, there was also Gilbert White, the Quaker hero of American environmentalism, who became a key advocate of alternatives to dam building—some of them neoliberal alternatives—in the 1960s. The question of real interest is how a critique that has origins on both the left and the right came, for a period, to be exclusively associated with the politics of the right, and how the left, in reaction, came in many cases to constitute its own politics as a defense of the social.

<sup>xi</sup> This distinction between a “substance” and a “subjective” theory of value is described in Phillip Mirowski’s work.

<sup>xii</sup> “Each individual,” Buchanan wrote, “is subjected to some fiscal pressure; his economic resources are reduced by the amount of tax that he bears. His real income is increased by the benefits that he receives from government services. The allocation of total tax load among individuals must be combined with the distribution of benefits from publicly provided services in any complete theoretical framework” (1949: 499). This individualistic focus had not been entirely absent from the prior economics of the public sector. But the classical approach had addressed only one side of the equation: the problem of “tax incidence,” that is, the distribution of the tax burden that government imposed on individuals. The expenditure side—thus, the benefits individuals realized from the activity of the state and, thus, the value produced by the state—had been neglected. An economic approach had to consider the “balance between the two sides of the fiscal account” (Buchanan 1949: 499, n. 5).