

## How to think like a neoliberal: Can every decision and choice really be conceived as a market decision?

**Kean Birch** reflects on a classroom exercise introducing students to the reach of market-driven actions in everyday life. He finds the exercise is also helpful for his own engagement with an intellectual tradition with which he disagrees. According to Hayek, Friedman and Becker, every decision and choice can be conceived as a market decision. But in the process of negotiating and renegotiating every action in life, we end up entangled in an impossibly complex arrangement.



Most years I teach a course on neoliberalism. I end the first class with a game in which I auction off the course grades to the students. First, I offer A-grades to the top 20% of bidders, B-grades to the next 20%, C-grades to the next 40%, and fails to the bottom 20%. Then I split the auction into two rounds to provide students with some chance to spread their bets. For each round I ask them to write down, secretly, their bids. Finally, I reveal the winners and losers. There is one proviso to all this, however, students can only use the cold, hard cash they have in their pockets to make their bids. Of course, I don't actually sell students their grades, but rather use this mock auction as a way to show how markets can – and often do – work, even in unusual circumstances.

My aim, in getting students to bid for their grades, is to show how we can create markets for everything and anything in life; for education, for work, for relationships, for crime, *etc., etc., etc.* We can, literally, find ways to sell anything, if only we think hard enough about it – and we have to remember many people are thinking hard about just these sorts of things. Street lighting, often presented as the quintessential public good, could be marketized, if we so desired, through some newfangled socio-technical system combining night-vision goggles and crime prevention payments, for example. All that is required, to be simplistic about it, is working out what to monetize (e.g. personal safety re street lighting) and then finding some way to construct a market around it. Market construction, obviously, entails a social and technical arrangement, highlighting the need to appreciate the materiality of markets.

While I might enjoy the mental exercise of forcing students to think about how their lives are already, and could be increasingly, determined by markets, I find it useful for myself because it forces me to think like a neoliberal. I am rarely forced out of my comfort zone, as it were, when it comes to my own work. Generally, for example, I write for an audience that adheres to the same set of normative assumptions as I do (e.g. 'neoliberalism is bad'). Consequently, I don't have to think about neoliberalism – or anything else I disagree with – in anything less than negative terms. However, it is, from time to time, helpful to subsume ourselves in the things we contest.

For me, there are at least three ways we might think like a neoliberal: (a) like Friedrich Hayek, (b) like Milton Friedman, and (c) like Gary Becker. While neoliberalism has a more convoluted intellectual history and epistemology than my reference to these three leading figures would suggest, what I might call 'modern neoliberalism' – or the version most dominated by the 'Chicago School' – is largely driven by these thinkers. Each of them, in turn, had a distinct vision of the good society, which was underpinned by their own particular – or maybe peculiar – market-based epistemology.

**First Hayek:** from books like *Road to Serfdom* and *Constitution of Liberty*, it's evident he saw markets and collective planning as largely irreconcilable ways to order society. Hayek conceived of markets as a process of discovery, where the market not only reveals prices but also (re)forms the subjectivity of its participants – see Dardot and Laval's (2014) *The New Way of the World* for more on this. We are constantly learning, adapting and spontaneously creating social order – but only in a certain way. In this epistemology and normative framework – as Philip Mirowski emphasizes in his book *Never Let a Serious Crisis Go to Waste* (2013) – there is no reason for us ever to develop knowledge beyond ourselves, as that is all we need to know. Interestingly, this led Hayek to emphasize the importance of the law to markets, especially common law, which he argued had evolved towards a private form of law.

In this sense, Hayek's evolutionary epistemology reflects his conservative position (i.e. we're building on the past on our way to a future market society) despite his denials otherwise.

**Second Friedman:** in his popular work, like *Capitalism and Freedom*, Friedman stressed the origins of freedom in market choice. In his view, markets are the only mechanism that enables us to act freely because they enable us to choose what we really want without some external constraint (e.g. government). We can, therefore, choose freely whatever is in our own interests. Here Friedman's vision and epistemology are based on the view that society is not currently ordered via markets because markets are distorted by an external force (i.e. government). Friedman made a major normative assumption that there is such a thing as a perfectly working market and, more importantly, that we're currently not in it; normatively, the attainability of a perfect market was, moreover, necessary to his epistemology.

**Third Becker:** perhaps the most interesting of the three, Becker's position was that we can understand all social life through the lens of the market (e.g. education, crime, marriage, etc.). This comes out clearly in his Bank of Sweden Award (aka 'Nobel' Price in Economics) lecture from 1992. It is also evident in the more recent work of people like Steven Levitt, of *freakonomics* fame. In his 'Nobel' lecture, Becker argued that "individuals maximize welfare as they conceive it, whether they be selfish, altruistic, loyal, spiteful, or masochistic". Becker's perspective is interesting because it comes closest to assuming that everything is *already* a market and, therefore, there is no need to work towards a society in which perfect markets determine our decisions. We're already there, according to Becker.

I think it is useful to focus on Becker's perspective as it has profound epistemological and normative implications for understanding neoliberalism. Most importantly, it means we don't have to assume that there is something like a perfect market – with the attendant contradictions this entails – and that we don't need to construct or pursue the institution of said perfect market. It is already with us, to all intents and purposes. Every decision and choice can be conceived as a market decision, a finely honed calculation of the benefits and costs of every action we take.

On the one hand, Becker's epistemic position is necessary if neoliberals don't want to have to rely on the assumption that there is such a thing as a perfect market somewhere down the road if only we struggle onwards in our journey to finding it – but then find that it's always over the next hill, or around the next corner. There is no reliance on the normative linchpin of a perfect market or evolution towards market society, as with Friedman and Hayek. Consequently, we can consider all social decisions to already be market decisions, from when to marry and divorce through decisions to commit crime or not to whether to smoke – the last of these is merely a weighing up of your preference for smoking against good health. As Colin Crouch outlines in *Strange Non-death of Neoliberalism* (2011) everything can have and/or has to be given a price from this market perspective or it would fail as an epistemology – all things have to be comparable in order for us to be able to make our market decisions, so everything has to be conceived as having a price that can be compared with other prices. While Becker's perspective might avoid some of Hayek and Friedman's normative assumptions, it entails other serious implications.

On the other hand then, Becker's position is deeply problematic, practically and normatively. As [Paul Treanor](#) points



out in his discussion of neoliberalism, if we accept that everything has a market price – that is, the market is expanded to include all social activities – then the benefits of markets are only ensured with the intensification of these market transactions (i.e. frequency, speed and shortened duration) since the market is only efficient if it's able to re-price everything constantly under conditions of market competition. As should be evident, if we constantly have to negotiate and renegotiate every transaction – by which neoliberals like Becker mean every action in life – then we end up entangled in an impossibly complex arrangement and number of constantly changing contracts (i.e. each transaction is a contract we need to negotiate, monitor and enforce). The increasing costs of these contracts – or 'transaction costs' in the parlance of economists like Ronald Coase – militate against ever doing anything in life; we are simply left arguing about contracts with each other.

The only solution to this conundrum is to institute standard or boilerplate contracts – think of the end user license agreements (EULA) we sign all the time when we download software, sign up to new bank accounts, and so on – which raises a series of other problems I discuss in a forthcoming article in the journal *ephemera: theory & politics in organization*. Simply put, these include anti-competitive practices engendered by overly complex standard contracts (e.g. cellphone contracts we can't easily, if at all, compare with one another); the replacement of negotiated market interactions with non-negotiated contractual arrangements (e.g. we don't get to choose not to sign a EULA and still get the product or service we need or want); and the construction of privately made law by businesses (e.g. through the dominance of business perspectives in contract law).

I want to finish by returning to the auction I hold for students in my course on neoliberalism. While I highlighted how thinking like a neoliberal leads to certain contradictions and problematic assumptions in the discussion above, it is much easier to do so using the auction game. I mention two here, but there are, undoubtedly, more. First, the rule that the students can only use the money in their pockets illustrates the differential capacities of people to benefit from market systems, in that our starting positions determine, largely speaking, where we end up. Second, in buying their grades the students come to realize that turning everything into a market transaction ends up destroying the very thing they want; that is, the intrinsic value of their grade and, ultimately, their degree. If we all know that grades and degrees are for sale then we all know they are worthless and we will treat them as such. Some things simply cannot be priced, no matter how hard we think of ways to do just that.

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