

CONSTRUCTING NEOLIBERALISM

Economic Transformation in Anglo-American
Democracies

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Constructing Neoliberalism

*Economic Transformation in
Anglo-American Democracies*

JONATHAN SWARTS

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To Neovi and Giovanni

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Thus, to Neovi and to Giovanni, I gratefully dedicate this book.

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1 The Construction of Political-Economic Imaginaries

In 1950, future British prime minister Harold Macmillan proclaimed, “The excessive individualism of the *laissez-faire* age under-emphasised man’s duty to his neighbour, and exaggerated the rights of the individual man and family.”¹ A generation later, another Conservative prime minister, Margaret Thatcher, would declare, “There is no such thing as society. There are individual men and women, and there are families.”² In Australia, on the Labor side of politics, a similar shift took place. In 1947, Prime Minister Ben Chifley proposed the nationalization of Australian banks, declaring, “The Labor Party throughout its existence has never left any doubt in the public mind that the complete control of the financial and monetary system should be in the hands of the people.”³ But, by the end of the century, another Labor prime minister would disavow state ownership saying, “Through time ... people have adopted [positions] which they regard as fundamental but which to me seem absolutely irrelevant. ... [For instance, Labor] had commitments that we had to operate a bank; that we had to own and operate an airline. Bullshit.”⁴

How did these transformations occur? The short answer is that over the course of the 1980s and 1990s, in countries governed by parties of both the right and the left, traditional policies of Keynesian demand management and active state economic intervention gave way to policies – variously dubbed “neoliberal,” “economically rationalist,” and “New Right” – privileging the role of the deregulated, “free” markets. Quoting Colin Hay’s thorough definition, *neoliberalism* (or economic rationalism) as used in this book is an economic philosophy characterized by the following central tenets:

1. A confidence in the market as an efficient mechanism for the allocation of scarce resources.

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2. A belief in the desirability of a global regime of free trade and free capital mobility.
3. A belief in the desirability, all things being equal, of a limited and non-interventionist role for the state.
4. A conception of the state as a facilitator and custodian, rather than a substitute for market mechanisms.
5. A defence of individual liberty.
6. A commitment to the removal of those welfare benefits that might be seen as disincentives to market participation (in short, a subordination of the principles of social justice to those of perceived economic imperatives).
7. A defence of labour market flexibility and the promotion and nurturing of cost effectiveness.
8. A confidence in the use of private finance in public projects and, more generally, in the allocative efficiency of market and quasi-market mechanisms in the provisions of public goods.⁵

In the course of little more than a decade, this set of ideas became entrenched as normative in an increasing number of industrialized democracies. In what has been labelled a “counter double movement,”⁶ the very policies and state institutions that had been the cornerstones of the post-war, interventionist mixed economy were “systematically delegitimated and dismantled.”⁷ The worldwide wave of market liberalization was dramatic. Government economic intervention, market regulation, tariff protection, and labour-friendly policies were drastically scaled back. Deregulation, attempts to control government expenditure, reduce debt loads, eliminate inflation, free up world trade, and reduce the influence of traditionally powerful trade unions, became widespread. Moreover, the collapse of communism accelerated this trend by further discrediting any kind of interventionist alternative. As a result, in large numbers of countries the perception became firmly entrenched that some form of liberal, free market economics is the *only* basis on which efficient and successful economies can operate.

Given the global spread of neoliberal economic policies, and especially their adoption by left- and right-wing parties alike, this book explores the neoliberal policy phenomenon through an examination of neoliberalism as adopted and promoted by four governments: two of the right, in Great Britain and Canada, and two of the left, in Australia and New Zealand.⁸ In all four countries, governments effected a significant reorientation of economic policy – away from traditional methods of active

state economic intervention and regulation toward policies emphasizing the alleged superiority of “free market” outcomes. Each country’s previously dominant policy pattern was dramatically altered – away from the post-war interventionist “consensus” to a new set of policies oriented toward growth through market liberalization. As neoliberal economics became a new policy consensus, the imperatives of the market – efficiency, productivity, and output – came to eclipse such long-held social goals as full employment and social solidarity. In this shift, both left and right played key roles: the Conservative Parties of Britain and Canada inaugurated their countries’ neoliberal revolutions, while the Labor Parties of Australia and New Zealand drove economic rationalism there. Later, the opposition in these countries would sign on to the neoliberal agenda themselves: on the “left,” Labour in Britain and the Liberals in Canada, and, on the right, the Coalition parties in Australia and National in New Zealand, would all pick up where their predecessors had left off. The shift to neoliberalism was common to both sides of politics in all four countries – what one side of politics initiated in the 1980s, the other side consolidated and entrenched when it acceded to power in the 1990s.

This book analyses neoliberalism in these four countries as a prime example of the social construction of political and economic change. In this account, neoliberalism is presented as, in large part, an ideational and discursive construction – what I shall call a “political-economic imaginary” – promoted by elites as part of a strategy to reset the basic parameters, expectations, and shared norms of the relationship between the state, society, and the (inter-)national economy. Operating within a set of political and economic structures that both facilitated and constrained their policy advocacy, these norm entrepreneurs successfully persuaded and coerced other social actors to either agree with or at least acquiesce to their proposed “reforms.” The long-term result was the shift toward a new set of intersubjective norms about appropriate economic policies, the role of the state in the economy, and the proper expectations and aspirations of citizens, indeed the very nature of an advanced industrial democracy in a globalizing world – in short, a new *political-economic imaginary*.

The ways in which that new political-economic imaginary came to prominence in Britain, Canada, Australia, and New Zealand is the subject of this book. Applying ideas primarily drawn from the constructivist literature in international relations and sociology to what were largely domestic political processes, I deploy a constructivist model of

the interplay between economic ideas, norm entrepreneurs, and the economic and political environment.⁹ That is, in addition to a showing *why* elites in these countries pursued neoliberalism as a radically new policy approach, I also focus on *how* elites successfully constructed neoliberal economic ideology as a set of allegedly inescapable, ontological facts to which no credible alternatives existed. In doing so, I emphasize the critical importance of norm entrepreneurs in creating, promoting, and reproducing social norms or imaginaries. Without denying the important role played by other actors and institutions, this book's conceptual and empirical focus is on the politicians and bureaucrats most central to the construction of neoliberalism.

As will become clear in the pages that follow, I make three main arguments about how elites go about the business of constructing (and reconstructing) norms. First, I emphasize how these norm entrepreneurs employ coercion, not just persuasion, as a strategic instrument in their construction of new imaginaries. Moving beyond a rather benign Habermasian model of communication and persuasion as the engine of ideational change, I show how elite constructions can also be coercive, forcing reluctant actors to at least acquiesce to the new normative creation. Second, I attempt to untangle – at least partially – the intertwined thicket of material “reality” and ideas, arguing that a nuanced constructivist account of ideational change must interrogate the connection between material and ideational forces and effects. Specifically, I disaggregate persuasion and coercion into material and ideational forms, showing how norm entrepreneurs in the Anglo-American democracies employed all four permutations (persuasion/coercion, material/ideational) in their construction of a new economic reality. In so doing, material incentives and even compulsion were deployed in the service of both new public policies and long-term ideational change. Then, as reluctant individuals were either coerced or materially induced to conform to the new economic structures, experience and habituation led the new ideological and policy paradigm to become “taken-for-granted” by many and even accepted by increasing numbers as objectively “true” and necessary. In this way, then, material influences were put to the service of ideational change. Finally, I seek to bring “politics back in” to the analysis of norm construction. That is, this book systematically integrates an analysis of domestic political institutions and processes – and in particular the unique opportunities and constraints presented by each country's structure of political institutions – with a keen awareness of the strategic choices made by partisan politicians seeking their own

political advantage. In so doing, I focus my analysis of normative change on the role played by strategic political processes in each country and, in so doing, contribute to the engagement of the study of economic policy change with the conceptual purchase offered by constructivist analyses.

Imaginaries, Norm Entrepreneurs, and the Ideas-Praxis Linkage

This book adopts the view that much of political and social life – especially such significant political change as wholesale economic reorientation – can be understood only with reference to the ideas about those spheres that human beings bring to them. While politics and society are more than ideas – they are not, in that now well-known phrase, “ideas all the way down”¹⁰ – ideas provide the core meanings that structure and regulate social and political behaviour and attitudes.¹¹ Because “behavior is pervasively a function of norms,” as Cass Sunstein puts it,¹² large-scale changes in political (or social) systems cannot be explained without reference to changes in ideas about politics (or society). Whether the phenomenon to be explained is the end of slavery, the banning of landmines, or the rise to prominence of new economic dogmas, constructivist accounts such as mine emphasize that “idea shifts and norm shifts are the main vehicles for system transformation.”¹³ Political systems change as human beings change (consciously or not, purposively or not) their dominant ways of thinking, as their views of what is appropriate and desirable change, and as their behaviour and interaction with others change accordingly.

Indeed, it is only by examining the ideational shift that took place in Britain, Canada, Australia, and New Zealand that we can understand why and how their economic policies changed so dramatically. In each case, former policies of state regulation and intervention were replaced with ones promoting privatization, deregulation, and “the market” as the final arbiter of economic outcomes. Thus, these countries’ experiences are instructive examples of a larger ideational shift underway in much of the world. As regulation and protection fell into disfavour, a new paradigm based on neoliberalism began to take hold in much of the world as strategic norm entrepreneurs sought to instantiate a new political-economic imaginary. The cases I consider here are important examples of how that shift manifested itself in a variety of forms in quite different economic and institutional settings.

Indeed, a remarkable feature of this common neoliberal shift in the Anglo-American democracies is that it occurred in countries that

differed so significantly across a wide range of “material” factors, including population and geographic size, total economic output, degree of integration in the world trading system, levels of state ownership of industry, the structure of labour market regulation, and so on. As is discussed in some detail later in this chapter, each country adopted neoliberal policies and underwent a neoliberal ideational shift despite varying in important material ways. Britain has a large economy with a long history of industrial production, global financial centrality, and extensive international trading links. Canada, by contrast, is a country characterized by a much smaller economy traditionally dependent on trade with a single foreign partner – first Britain, later the United States. Australia and New Zealand, meanwhile, are former colonies once heavily dependent on trade in primary commodities with the imperial power but that, in the twentieth century, sought through state regulation and control to insulate themselves from the vagaries of the international economy. Yet, despite these significant differences in the size, nature, and international integration of these economies, economic policy – and, indeed, the very ideological foundations of that policy – shifted to the point that, by early twenty-first century, both sides of politics in these countries had to a large extent converged on the new pro-market paradigm.

These similar changes across such structurally dissimilar economies cannot be understood without an analysis of ideational change. Put simply, there was no material change or factor common to all four countries that can fully explain the common shift to neoliberalism. For such an explanation, one must examine how these new economic ideas were constructed as necessary, appropriate, and ultimately “true.” In analysing this construction, the ideas themselves must play a central analytical role – they constitute neither “a vague, residual category” to be invoked when other explanations fall short, nor are they “an undissectable background condition whose influence is pervasive in principle but undemonstrable in detail.”¹⁴ Rather, what we shall see in this study is that changing ideas about the proper relation between the state, the market, and society played a key role, to paraphrase Biernacki, on their own – though not by themselves – in creating new material practices.¹⁵ In short, we need a constructivist, as opposed to a purely rationalist, account of policy change in these countries.

What we see in these countries, in my view, are the local, adaptive manifestations in specific political, economic, and social settings of a larger global ideational shift – put somewhat differently, the Anglo-American

cases can be considered particular species of a larger ideational genus developing internationally in this period. In this respect, the “unexpected isomorphism” of the British, Canadian, Australian, and New Zealand neoliberal shifts can be traced in large part to the local construction and implementation of an emergent, increasingly “universalistic (global) model” of neoliberal economics.¹⁶ As John Meyer and his colleagues in the “world society” literature have argued, the isomorphism we see in states’ political, economic, and social institutions and policies – despite the fact that these states vary on a wide variety of other material scores – is often the consequence of common cultural or ideational forces that diffuse from the global to the national level. As states increasingly define their fundamental purposes, identities, and goals in ways consonant with the values of the emerging “world society,” their policies, ideational orientations, and institutional structures begin to converge around the global norm.¹⁷ In this view, then, the “wider [global] system defines, legitimates, and supports the identities of [individuals, organizations and nation-states]; constructs appropriate purposes and technologies for them; and helps enforce their sovereignty, responsibility, and control capacities.”¹⁸ From this perspective, Anglo-American neoliberalism can be seen as the local working-out and implementation of an emerging global set of economic ideas and norms.

This view, however, must be immediately qualified and complicated. Even supposedly universalistic global norms and cultural trends are instantiated in specific national settings, and, as Martha Finnemore emphasizes, the ways in which this does (or does not) occur are likely to be characterized by contestation, (re)interpretation, and agency – in a word, by politics.¹⁹ In her terms, isomorphism does not imply equifinality: “different and shifting solutions will be tried in different places, and local context becomes important in identifying the particular solutions that will be tried in each place.”²⁰ Each society is likely to filter, interpret, and construct (and reconstruct) the common set of global norms through its own institutions, political and partisan configurations, policy traditions, and a host of other critical “mediation points.”²¹ As Colin Hay has argued – identifying a number of factors that, as we will see, made for diversity within Anglo-American neoliberalism – pressures for convergence will not produce truly isomorphic results since they

are likely: (1) to impinge upon domestic economies in rather different ways; (2) to challenge or reinforce distinctive national “models” and

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practices to different degrees and in often divergent ways; (3) to be understood and interpreted differently in different national/regional contexts; and (4) to be responded to differently, even where common understandings are reached, since different states have rather different strategic capacities for implementing responses.²²

Put simply, even if we accept the existence of tendencies toward isomorphism deriving from a world society, we must investigate the contingent, site-specific, eminently contestable, and political ways in which these global influences manifest themselves at the local level to produce diversity and heterogeneity. What we will see in this book is just this: within an increasingly global trend toward neoliberalism – a trend to which Britain and New Zealand, in particular, were early contributors – the specific neoliberal programs of each differed in important ways. In both respects – both in the common move toward neoliberalism and in the variations within that framework evinced in each country – ideational factors proved key. We now turn to a more detailed discussion of these ideational frameworks, how they help create social “reality” (particularly new economic policies), and how political and social elites can act as significant change agents, seeking to reorient these ideational structures while at the same time operating within and being constrained by them.

The Political-Economic Imaginary

A political-economic imaginary, as I define it, is a set of interrelated ideas concerning the proper relationship between the state, society, and the economy, particularly the appropriate extent and form of state regulation of socioeconomic life and the legitimate objectives of state economic policy. In structuring ideas about the appropriateness, desirability, and efficacy of government actions vis-à-vis society and the market, a political-economic imaginary provides the “well-established meanings and social relations out of which representations” of the state and economy are constructed.²³

A political-economic imaginary is, in many ways, a species of what Cornelius Castoriadis has called the “social imaginary”:

[that construction] which gives a specific orientation to each institutional system, ... which is the creation of each historical period, its singular manner of living, of seeing and conducting its own experience, its world, and

its relations with this world, this originary structuring component, ... the source of that which presents itself in every instance as an indisputable and undisputed meaning.²⁴

The concept of the social imaginary forms the centrepiece of Castoriadis's argument that the social world cannot be understood solely as a series of rationalist responses to a variety of a priori, inherent human needs. Such a purely functionalist understanding of human society ignores the fact that beyond such obvious basic human needs as food and shelter, virtually all of the rest of life's pursuits and "needs" are ones we ourselves create together – that is, ones we socially construct as valuable, desirable, and worthy of our time and effort. In fact, even the ways people go about satisfying their basic needs – for instance, the infinite ways people choose to satisfy their hunger, often to the total rejection of other people's ways – reveal the limitations of a purely functionalist explanation.²⁵ Even in cases in which social norms and practices can be seen as rational means to particular ends, the questions arise: which ends, and determined by whom? As Castoriadis puts it, "[T]he whole of social life cannot be understood as a system that is purely functional, an integrated series of arrangements geared to satisfying the needs of society. For every interpretation of this type immediately leads to the question: functional in relation to what and to what end? ... Every society up to now has attempted to give an answer to a few fundamental questions: *Who are we as a collectivity? ... What do we want; what do we desire; what are we lacking?*"²⁶ Simply put, the answers to these questions are generally provided by the social imaginary.

In this book I build upon these notions of the imaginary to address the relationship between state, society, and economy. Without denying the potential usefulness of rationalist analysis, my contention is that a particular social construction – a political-economic imaginary – plays a crucial role in structuring the norms and ideas that govern economic policy.²⁷ Specifically, my argument is that the ideas inhering in a political-economic imaginary constitute an image of the political and economic worlds that acts as a powerful conceptual lens, constituting actors and their identities, prescribing and proscribing the behaviour of state and non-state actors based on conceptions of appropriateness and efficacy, and, perhaps most importantly, constraining and guiding what can (and cannot) be thought about the proper ends of the state and economy.²⁸ A political-economic imaginary contains the answers – whether explicitly acknowledged or not²⁹ – to those fundamental questions

Castoriadis argues are asked by each society. In fact, Castoriadis's questions are particularly susceptible to a political-economic cast. Who are we as a collectivity? (And, it might be added, *are* we truly a collectivity?) What are our responsibilities to one another? What do we desire as a society? What are our economic and social goals? What role should the state – or private markets – play in the pursuit of these goals? What values and norms inform these choices – and our preferred means of attaining them?³⁰ These questions are eminently political-economic in nature.

In fact, as I will be at pains to point out in this book, seemingly value-free, objective decisions over purportedly technical aspects of economic policies embody (whether actors recognize it or not) implicit norms and values deriving from the dominant political-economic imaginary. As Mark Blyth cogently argues, even such seemingly “objective” and non-ideological factors as money and “material resources ... are powerful only to the extent that they can be mobilized to specific ends. However, neither material resources nor the self-interest of agents can dictate those ends or tell agents what future to construct. Ideas do this, and this is ultimately why they are important.”³¹

The fascinating irony, however, is that those norms and values, because they derive from a largely unconscious, unstated political-economic imaginary, can appear eminently rational, objectively true, and thus beyond contestation. As Castoriadis puts it, “it is the economy that exhibits most strikingly the domination of the imaginary at every level – precisely because it claims to be entirely and exhaustively rational.”³² As we shall see, neoliberal policies in Britain, Canada, Australia, and New Zealand were presented – and pursued – with a certainty and conviction usually reserved for settled religious dogma. Neoliberal norm entrepreneurs in these countries essentially constructed neoliberalism as economic “fact” – and thus attempted to immunize their policy approach from ideological debate or partisan contestation by claiming that opposition to the “facts” was nonsensical. As Australian prime minister Bob Hawke would dismissively retort, when challenged by opponents of his program of economic rationalism, “What are they in favor of – economic irrationalism?”³³ Yet, as Jacqueline Best argues, “economics is not, in fact, a neutral set of techniques that can simply be applied to different situations. It is instead a profoundly contested field of knowledge. Different economic theories not only reflect and empower different economic and political values but are also based on different ontological assumptions about the nature of

economic actors.”³⁴ Put differently, economic theories are very much social, constructed phenomena.

Thus, these fundamental questions – the Castoriadian “who are we?” and “what do we want?” or questions regarding the proper role of the state vis-à-vis the market – are not answered in a political or social vacuum. It is for this reason that I employ the term *political-economic imaginary* to highlight the ineluctable *political* aspects of imaginaries. Put simply, economic answers to these questions cannot be had without a direct engagement with the political. “What we want” and “what is appropriate and desirable” from an economic point of view involve a political-economic nexus that cannot be unwound. What sort of economy a society should have, how the state should regulate that economy, what levels and kinds of state interventions should exist, what economic and social goals are deemed desirable and appropriate, and what values the economic and social choices of citizens in a particular locale have are inextricably bound up with political institutions, political contestation, and political actors. Thus, the term *political-economic imaginary* highlights that any economic imaginary contains within itself an embedded set of norms, values, expectations, and ideas about politics as well as economics and, in particular, about the nature and extent of the intersections between the political and economic worlds.³⁵ The term is thus *political* and *economic* in nature.

While I hope to show the utility of the political-economic imaginary concept to the study of economic policy orientations, it is important to deal with an important potential critique. One consistent criticism of constructivist accounts of norms, ideas, and their constraining influence is that they often end up being highly structuralist, wittingly or not erasing any real agency. Thus, while constructivism prides itself on the idea of the co-constitution as a way to break through the agency-structure logjam,³⁶ constructivism’s treatment of ideational constructs often seems to produce over-mighty structures and under-powerful agents. What appears to be a solution to the agency-structure problem can all too easily overspecify the constraining effects of ideational structures, undertheorizing the ability of agents to act with some degree of relative autonomy within those structures.³⁷ The problem is potentially even more severe with respect to structural change. If constructivist accounts end up privileging the ideational construct to the detriment of agency, then it becomes very difficult indeed to explain changes within or to the ideational construct. One particularly unsatisfying option is

to ignore the sources of ideational change, treating them as exogenous and perhaps not terribly important.

The same problem is potentially present when using the heuristic concept of the imaginary, of whatever sort. As a set of foundational ideas about the very nature, form, and meaning of social life, the imaginary could easily be conceived in terms that diminish or even exclude the possibility of change to those ideas and the structure they instantiate. Castoriadis's analysis of imaginaries, for instance, has no place for change or agents of change. Imaginaries are assumed to *be*, and while, of course, they are held to be social constructions par excellence, there is no real analysis of how they came into existence or, more to the point of this book, how they might change. From norms of war and peace to the appropriate level of state ownership of industry, how any of these ideas might change often remains unspecified.

The difficulty in analysing and accounting for change is not insurmountable, however. First, the concept of the imaginary – perhaps to a greater extent than the notion of norms more generally – implies ideas and values of a broad, first-order nature. Thus, we should expect them to be “sticky” over time, relatively less changing and mutable than other, less primary ideas. Musical preferences, one presumes, are more mutable than political-economic imaginaries – Australians could evince a predilection for new musical styles more quickly than they could change their conception of the proper role of the state in regulating industrial relations. Yet, the stability – the stickiness – of imaginaries is a relative, rather than absolute, one. Imaginaries, as foundational ideational constructs, may be more stable and consistent over time than other sets of more ephemeral, less deeply held ideas (*relatively* more sticky), but this in no way implies that they are immutable and resistant to the forces of change and change agents (that is, *absolutely* sticky). Were imaginaries entirely resistant to change, a whole range of formerly normative structures and resultant practices – from slavery and apartheid³⁸ to the post-war economic policy “consensus” discussed in [chapter two](#) – would still be intact. Change does in fact take place – and it is one of constructivism's great challenges, and promises, to explain it. It is here that politics and political contestation make their appearance.

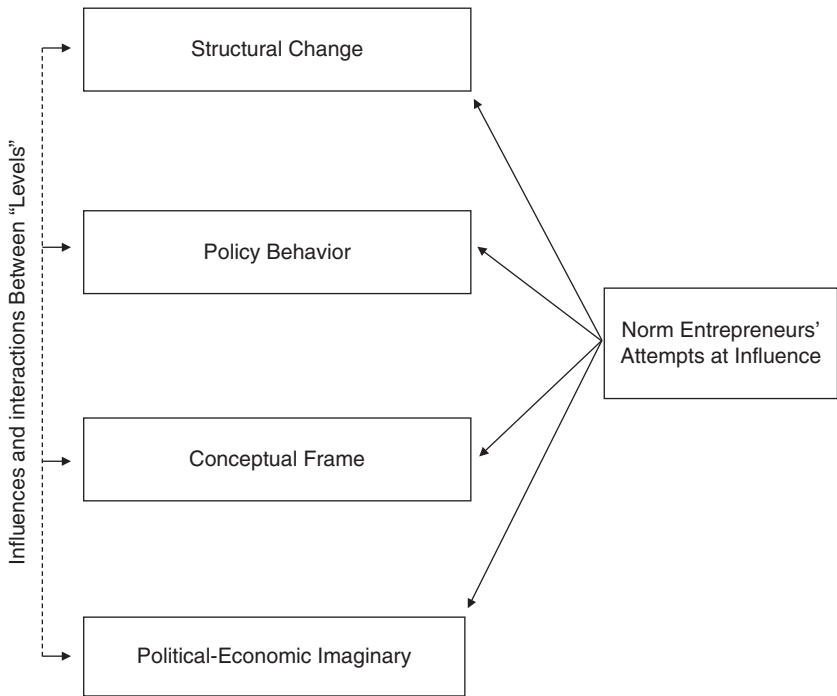
The Ideas-Praxis Linkage

The shift to new ideas and norms is often purposive and intentional: it often occurs as the result of conscious action by individuals (or groups)

committed to normative change. Human beings are not automatons, captives of an overarching structure of ideas and institutions they are incapable of influencing. Rather – in what is perhaps the central argument of the entire constructivist school of analysis – agents and structures are part of a recursive, never-ending cycle of mutual influence, of co-constitution.³⁹ While the effects of structure are thus inescapable and a *sine qua non* of social life, at the same time, “[a]ctors are not simply the bearers of social roles and enactors of social norms; they are also the artful and active interpreters of them.”⁴⁰ One might add that actors not only actively interpret extant roles and norms, they seek to re-interpret and re-construct them as well. Actors can find themselves at odds with existing normative structures and consciously work to reorient them wholesale (as opposed to conforming to them, attempting to escape them, or working to alter them only marginally). As Finnemore and Sikkink put it in their seminal work on the topic, these “norm entrepreneurs” are “agents having strong notions about appropriate or desirable behavior in their community” who set out to reorder extant practices through a restructuring of relevant, commonly held (that is to say, intersubjective) norms.⁴¹ As a wide variety of case studies of normative change have shown,⁴² norm entrepreneurs work to change the dominant values operative in a society or system – what I here call the imaginary – consciously attempting to reorient these values in a direction they believe more appropriate and desirable.

In the pages that follow, I seek more fully to delineate the role of norm entrepreneurs in the altering of a society’s political-economic imaginary. Specifically, I develop a heuristic of ideational change, focusing on various possible ways in which norm entrepreneurs may be able to change political-economic imaginaries through both persuasion and coercive constructions, and through them to policy change and change in political and economic systems – what I call the “idea-praxis linkage.” Here I resist the temptation to label this relationship a “process.” As will become clear later, the nature of the link between ideas and praxis is recursive and often nonlinear. *Process* often connotes a clearer cause-effect relationship than I intend to describe here. Moreover, I do not claim that this heuristic representation is in any way universally generalizable – that is, that it is some sort of nomothetic assertion of what must apply in all cases. Rather, my notion of ideational change is indicative of *some* of the *possible* ways in which normative structures change, acknowledging the futility in fully accounting for the multiple

Figure 1. The Ideas-Praxis Linkage



ways in which change can occur and fully appreciating the role that contingency and variation play in such phenomena.

Figure 1, illustrates a schematic conception of this linkage, showing the relationship between the political-economic imaginary, interpretations of “objective reality,” the policy options and prescriptions decision makers employ, and the effect this linkage has on the nature of material economic and political structure.⁴³ While this linkage should be applicable to a wide range of state policies and actors, I limit my discussion primarily to that of economic policy and the role played by norm entrepreneurs in that particular regard.

At the base, so to speak, of this linkage is the political-economic imaginary itself. Here, as discussed previously, we encounter those core values, orientations, usually unspoken (even unconscious) assumptions and beliefs about how political and economic systems should be

structured and the roles that various actors (states, corporations, consumers, political elites, etc.⁴⁴) can and should play. Moreover, these assumptions, beliefs, and values play a very important role akin to the Gramscian notion of hegemony – that is, they have the power to limit, and delimit (again, often in a way unbeknownst to the holders of those ideas), the range of acceptability of ideas, even to the point of making certain thoughts, ones well beyond the conceptual bases of the political-economic imaginary, literally “unthinkable” most of the time, while the preferred ideas seem eminently logical, appropriate, and natural.⁴⁵ As Richard Peet describes such hegemonic ideas, their power “resides in [their] ability to restrict serious, ‘responsible’ consideration to a limited range of topics and approaches or, more generally, an ability to specify the parameters of the practical, realistic, and sensible.”⁴⁶ Once a particular imaginary takes root, “it seems the only possible one, the only one that makes sense.”⁴⁷ Thus, ideas, values, and policy options without conceptual roots in the political-economic imaginary are often summarily rejected, if they are even raised in the first place. By failing to meet the standard of rationality and/or appropriateness (often not very different things in social imaginaries) contained in the political-economic imaginary, they simply do not “make sense,” and their advocates, as discussed in [chapter four](#), are derided as irrational and hopelessly out of touch with “reality.” Hegemonic ideas, then, have powerful regulatory and constitutive effects on politics – particularly by “mediating [what is and is not] ‘economic truth’.”⁴⁸ Blyth aptly describes the impact of such ideational priors: “Economic ideas ... [act] as interpretive frameworks that describe and systematically account for the workings of the economy by defining its constitutive elements and providing a general understanding of their ‘proper’ (and therefore improper) interrelations. Such ideas provide agents with both a scientific and a normative critique of the existing economy and polity, and blueprint that specifies how these elements *should* be constructed.”⁴⁹ The result is that imaginaries can have “a constitutive power in shaping economic orders and the manner of their embedding in wider ensembles of social relations” – that is, imaginaries “can involve not only construal but construction.”⁵⁰

Next, based on that core imaginary, a particular view of “reality” can emerge. Cognitive psychology has long attested to the filtering and structuring effects that prior conceptions and ideas can have.⁵¹ In a similar way, the core ideas in the political-economic imaginary serve to help actors make sense of the world around them by organizing a complex

set of information and facts, limiting and filtering external “stimuli” and perceptions, and interpreting that “data” in a way that maintains consistency with – and in so doing, reinforces the apparent rationality and legitimacy of – the political-economic imaginary. Political-economic imaginaries play an important role in what Bob Jessop refers to as “complexity reduction” – that is, dealing with “the hypercomplexity of the natural and social worlds and the impossibility of observing and explaining these worlds (and their interaction) in real time.”⁵²

Imaginaries thus help actors construct conceptual frames, ones that simplify and interpret reality. These frames, operating at a more specific, contextualized level than that of the imaginary, consist of “specific metaphors, symbolic representations, and cognitive cues used to render or cast behavior and events in an evaluative mode and to suggest alternative modes of action.”⁵³ They “render events of occurrences meaningful, ... organiz[ing] experience and guid[ing] action, whether individual or collective.”⁵⁴ In this way, the conceptual frame based in the political-economic imaginary takes the general values and orientations of the political-economic imaginary and embeds them into specific “realities,” all the while representing reality in ways consistent with the political-economic imaginary, constructing interpretations of that reality using the basic normative “building blocks”⁵⁵ provided by the political-economic imaginary, and discounting or attempting to block perceptions incongruent with the fundamental precepts of the political-economic imaginary. The result, as in the cases of the neoliberal norm entrepreneurs, is that if actors are able to persuade others to accept their “definition of the situation” – that is, their particular frame – they gain a great deal of control, as the definition of a problem usually implies a particular solution.⁵⁶

Take, for example, the relationship between a particular political-economic imaginary and the conceptual frame that is rooted in it. A society whose imaginary deems it a state responsibility to own and manage significant parts of national industry will likely view the subsidization of unprofitable state-owned companies – and the preservation of jobs in them – very differently than a society whose core imaginary emphasizes the inherent superiority of private enterprise. If inefficiencies and fiscal shortfalls in these industries emerge, the society with the interventionist imaginary is likely to frame the public policy problem very differently than the society with the pro-market imaginary. Calls for privatization, for instance, will “play” quite differently between the two societies as the central elements in each society’s core imaginary

produce quite different frames of interpretation of actual events – and indeed quite different representations of “reality.”

The practical result of this different framing and representation is obvious: a different conceptual frame can often produce dramatically different behaviour on the part of social and political agents – the third “stage” in [Figure 1](#). Thus, a particular frame facilitates (indeed impels) policy-makers to generate a set of policy options consistent with that frame (and, beyond it, with the relevant political-economic imaginary). Just as conceptual frames inconsistent with the core political-economic imaginary are often “unthinkable” and ideas counter to it “irrational,” so public policy options inconsistent with the chief elements of the political-economic imaginary are likely to be ignored, discarded, ridiculed, or even, in perhaps most cases, never even “thought about.” This is what we will see with respect to the Anglo-American democracies. Neoliberal ideas were used as “cognitive locks”⁵⁷ by norm entrepreneurs who claimed that “there is no alternative” to the neoliberal “reality” of economic “facts.” Once this argument from “facticity” took hold, economic rationalism served to cast any policy alternatives as, in the quote from Bob Hawke mentioned earlier, quite literally irrational.

Thus, “norms shape actors’ awareness and acceptance of the methods and technologies on which they might rely to accomplish their objectives.”⁵⁸ The connection is clear: frames provide a means by which social problems are refracted through the key normative elements of the imaginary. Thus, in the search for ways to address the social problem – indeed, whether something is even held to be a problem – the way the problem is framed is of central importance in the shaping of a response.

The fourth “stage” in the linkage depicted in [Figure 1](#) is the structural change brought about by public policy. All public policies have at least some form of structural influence. Even seemingly minor policy changes alter, in their own ways and to varying degrees, the edifice of the institutions that structure political life. Their effect may not be large; these changes may not reform the entire edifice. But their effect is present nonetheless. This is even truer with respect to wholesale policy changes. As we shall see with neoliberalism in Britain, Canada, Australia, and New Zealand, a large number of significant (and many less significant) pro-market policy reforms had the cumulative effect of dramatically reordering key social and economic institutions and the constraints they placed on the behaviour of social actors.