

# **The Return of Social Government: From ‘socialist calculation’ to ‘social analytics’**

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## **Abstract**

In recent years, there has been a panoply of new forms of ‘social’ government, as manifest in ‘social enterprise’ and ‘social media’. This follows an era of neoliberalism in which social logics were apparently being eliminated, through the expansion of economic rationalities. To understand this, the paper explores the critique of the very notion of the ‘social’, as manifest in neoliberal contributions to the socialist calculation debate from the 1920s onwards. Understood as a zone lying between market and state, the social was accused by Mises and Hayek of being both unaccountable (lacking any units of measurement) and formless (lacking instruments of explication). The paper then asks to what extent these critiques still retain their purchase, following recent developments in hedonic measurement and data analytics. The argument is made that new post-neoliberal forms of ‘social government’ may now be entirely plausible, although operating around the corporation rather than the state.

## **Keywords:**

Social, neoliberal, commensuration, performativity, critique

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Writing in 1979, at the dawn of the era that would come to be known as 'neoliberalism', Friedrich von Hayek voiced his frustration with the term 'social'. It is, he argued:

*the weasel-word par excellence. Nobody knows what it actually means. But it is definitely true that a social market economy is no market economy... social justice is not justice - and I am afraid a social democracy is no democracy either.*

(Quoted in Mirowski & Plehwe, 2009)

In a 1987 interview, Margaret Thatcher uttered the phrase that, fairly or otherwise, would come to symbolize her political program, "there is no such thing as society". To the extent that the 'social' was associated with state-centric rationalities, policies and measurements - as in 'social security', 'social policy' and the 'social problem' - the period which followed the crisis of Keynesianism appeared to move beyond the 'social' as a dominant mode of problematisation and government (Rose, 1996). Individuals would now be viewed as 'entrepreneurs of themselves', entering into alliances and communities, in addition to market exchanges, but less commonly viewed via the societal aggregations and stratifications offered by social statistics or sociology (Rose, 1999; Foucault, 2008). The decline of state socialism further weakened the explanatory power of 'social' categories (Eyal et al, 2003). Running in parallel to this, and contributing to it, the social sciences witnessed various forms of 'economic imperialism', in which theories of rational choice expanded into spheres of non-market relations, explaining various forms of social, moral and political action as *if* they were calculated in price terms (Fine, 1998, 2001, 2002). The idea of the 'social' as external or excessive to the price system, as posited by welfare economics, was abandoned under the influence of Chicago School economics (Coase, 1960).

At least on a rhetorical level, the 'social' appears to have experienced something of a revival in the early 21<sup>st</sup> century. The term now prefixes a wide variety of managerial, methodological and governmental strategies. This includes activities and institutions

that derive from business management, such as 'social marketing', 'social enterprise' and 'social entrepreneurship'. Linked to this are new modes of accounting, such as 'social valuation' and 'social return on investment'. It also includes medical and biological fields of expertise, such as 'social neuroscience' and 'social prescribing', which view loneliness – inadequate sociality – as a health risk.<sup>1</sup> Perhaps most significantly, it is witnessed in the dramatic growth of 'social media', whose widespread use permits large-scale quantitative research via techniques of 'social analytics', themselves derivative of longer-standing methods of 'social network analysis'. That social research can now be conducted at vast scale, at minimal marginal cost, thanks to the digitization of social relations, opens up new possibilities for social science, though poses the question of whether and how sociology (traditionally understood) will gain access to these new opportunities (Savage & Burrows, 2007).

The observation that there are various new 'socials' in circulation immediately invites two possible responses, one skeptical and the other teleological. The skeptical response is that this adoption of the prefix 'social' is simply a disguise for various neoliberal rationalities which are fundamentally unchanged. Indeed, it might be argued that they highlight quite how advanced the colonization of the 'social' by the economic has now become. Hence, 'social marketing' is simply the expansion of marketing rationalities into social policy; 'social enterprise' is the invasion of private sector management into the third sector; 'social return on investment' sees yet more values converted into monetary value, through accounting innovations.

The teleological response is, from the point of view of both sociologists and socialists, an optimistic one. By this account, these various scattered 'socials' indicate a residue of collectivity, that might gradually accumulate and cohere into some type of social actor or class. The reappearance of the 'social' reflects the impossibility of containing all human conduct within regimes of price-based calculation. 'Externalities' are becoming more pervasive and problematic, especially where goods are intangible in nature, and traditional economic valuation techniques are failing to cope (Callon, 1998; Hardt & Negri, 2005; Arvidsson & Peitersen, 2013). Just as Marx believed that capitalism contained the seeds of socialism, due to its reliance on co-operation in the factory, the teleological view of the new 'socials' is that they are point towards the conditions of a future collective, class or society.

Since 2013, both of these positions have met a highly significant challenge, following Edward Snowden's revelations that social media and telecom companies had been complicit in state surveillance on an unprecedented scale. This suggests an alliance between the classically state-led envisioning of 'society' and the new, decentralized, individualized 'social' underpinned by social media. Significantly, one of the defences that the security services mounted of their activities was that they were not interested in the content of citizens' communications, but only in the *meta-data* which connected them. Yet this pointed precisely to the newly emerging rationality of government, in which patterns, connections and relations are the object of knowledge, and not individuals as such.

How then should we approach the question of the 'social', in ways that take it seriously while nevertheless avoiding its potential seductions? Can we recognize the new 'social' as something other than simply neoliberalism in disguise, while still remaining critical and, where necessary, fearful of the possibilities opened up by new infrastructures of connectivity? And can we do so, without entirely ruling out the possibility that the new social *may* contain seeds of new political mobilisations and modes of resistance? In this paper, I pursue this problem in one particular way, influenced by what Boltanski terms the 'sociology of critique' (Boltanski & Thevenot, 1999; Boltanski & Chiapello, 2007; Boltanski, 2012). This tradition views critique as immanent to social and political practice, and constitutive of institutions. How people or things are judged, criticized and evaluated shapes how specific inequalities (be they of power, wealth, voice etc) are rendered acceptable or not. For certain conventions of behavior, including those of calculated and competitive behavior, to be recognized as acceptable, certain moral principles of evaluation have to be presumed by the various actors who are party to them. These principles can be excavated genealogically and hermeneutically, thereby bringing to light the presuppositions that actors hold in common but may not articulate.

The remainder of the paper is in four parts. The next section reflects more closely on the meaning of the 'social'. It reviews Foucault's analysis of 'civil society', as a domain of freedom that lies between individual economic rationality and state juridical rationality. The following section turns to the roots of neoliberal thought in the socialist calculation debate of the 1920s and '30s, and aims to pinpoint key 'anti-

social' characteristics of neoliberal critique. The question is then posed: to what extent does this foundational neoliberal critique still stand up, nearly a century later? My answer is that, while the neoliberal critique of state-oriented 'society' retains its purchase, neoliberal thought offers no critique of a somewhat different 'social', which is emergent from individual rationality. This parallel notion of the social acquires tangible modes of management and government, thanks to biological and digital modes of representation that emerged concurrently with neoliberalism.

### **Between law and economics**

Clearly the 'social' is amenable to multiple, sometimes conflicting interpretations. For example, there is not necessarily any contradiction between agreeing that "there is no such thing as society" and worrying about "anti-social behavior". However, it may be helpful and possible to impose some limits around the question of the 'social', and to do so using certain commonly understood historical markers. The 'social' that appeared to be in decline from the 1970s onwards was one that emerged during the late 19<sup>th</sup> century, due to the invention of specific techniques of aggregation, surveillance and intervention, which together produced an empirical object known as 'society' (Donzelot, 1991; Poovey, 1995). Society, viewed this way, is "the sum of the bonds and relations between individuals and events - economic, moral, political - within a more or less bounded territory governed by its own laws" (Rose, 1996: 328). The discipline of sociology drew on many of the new empirical methodologies and logics that were developing over the course of the 19<sup>th</sup> century, enabling it to be established as a science distinct from economics following the marginal revolution of the 1870s.

However, it is worth also remembering what preceded this governmental and infrastructural invention of 'society', and indeed facilitated it. As various pragmatist sociologists and historians of social science have demonstrated, prior to the empirical investigation of 'society' were certain philosophical and moral presuppositions, regarding common humanity and moral sentiment which arose during the Enlightenment (Hawthorn, 1987). Sociological and statistical projects of aggregation and averaging (what might be called 'political physics') only acquire their normative authority on the prior assumption that there is some form of common will (or 'political

metaphysics'), that cannot be expressed via the market (Desrosieres, 1998). Rousseau's idea of the 'General Will' and Kant's theory of the 'categorical imperative' both offer metaphysical bases on which to view all human beings as united by a normative consensus, not reducible to their private desires. The 'social', by these accounts, is a paradoxical form of spontaneous order in which individuals achieve autonomy through obedience to commonly observed rules.

The enigma of the social, in this Enlightenment sense, lies in its ambivalent technical implications. Will it be the state or the market which makes it operative and empirical, which converts this political metaphysics into political physics? The example of Rousseau, and the statistical traditions which followed the French Revolution, provide a relatively clear answer: the common good will become manifest and empirical via the state. However, if the emergent spontaneity of the social is to be taken seriously, then this cannot be the end of the matter. As Foucault argues in his genealogy of economic liberalism, it is *market* mechanisms that bring individuals together without coercion, from where they are then able to form common bonds and mutual sympathy of their own accord (Foucault, 2008: 294-298). The enigma of the social, for Foucault, is that it arises as a side-effect of the free market, but is not in itself calculable by the free market. This problem would later be captured by economists in the concept of the market 'externality': that which is valuable but not priceable (Pigou, 1912). The social shares certain characteristics with the market – spontaneity, equilibrium, individual self-interest – but then produces types of bond and normativity which are antagonistic to market governance. In Foucault's analysis, the problem of state rule in the late 18<sup>th</sup> century is that, in contrast to the Hobbesian problematic of the 17<sup>th</sup> century, the state confronts an already-existing, relatively harmonious social order, which is not purely dependent on sovereign law.

The paradox or ambiguity of the social is therefore that it exists at the meeting point between two antagonistic logics. The individualistic, calculative logic of the market runs up against the collectivist, juridical logic of the state. The two operate in parallel, mutually contradictory spaces, yet somehow have to function alongside each other. Foucault claims that the emergence of a third sphere, known as 'civil society', arises precisely in order to manage this tension, mediating between the juridical and the economic. What he suggests, then, is that the 'social' in its Enlightenment form operates as a buffer zone between sovereign normativity and individual interests,

that is, between law and economics. Enigmatic, even paradoxical, visions of a spontaneous, self-governing collective, such as the 'General Will' or the 'categorical imperative', should be understood in this context.

Against this longer genealogical backdrop, the 'social' which emerged during the late 19<sup>th</sup> century, and arguably went into retreat from the 1970s onwards, was merely one possible empirical and technical 'fix' of the social. It attempted to deal with the innate ambivalence of the social, through juridical and other state means, to the neglect of the other half of the problem, namely its spontaneous and quasi-individualist quality. One particular form of state-oriented political physics was applied to stabilize political metaphysics. The buffer zone between law and economics was dealt with through an expansion of state rationalities, in the form of statistics, welfare policies, which extended beyond the state (Rose & Miller, 1992). Hence 'society' and 'social' came to refer to objects and problems that existed at a national level.

### **Neoliberalism as 'anti-social'**

In 1919, the Austrian philosopher Otto Neurath published an article entitled 'The War Economy' (Neurath, 2005). Neurath argued that state-run wartime economies achieved higher levels of efficiency than market economies, as the value of goods was accounted for 'in kind' rather than via the mediating calculation of market prices, suggesting that planned economies might also be more efficient. By relying on market prices for their allocation of resources, liberal market economies were likely to be distracted by monetary valuations (that is, exchange value) and therefore fail to produce an optimal quantity of goods that were actually needed and desired (that is, use value). A year later, Ludwig Von Mises responded critically to this argument with *Economic Calculation in the Socialist Commonwealth*, followed by a much longer critique of socialism in 1922 (Mises, 1990, 2009). This developed into the famous on-going exchange, known as the 'socialist calculation debate', which continued until World War Two, drawing in leading economists (such as Pigou), Karl Polanyi, Hayek and, most decisively on the socialist side, Oskar Lange.

The details of the socialist calculation debate have been covered at length elsewhere (Steele, 1992; Cockshott & Cottrell, 1993; Greenwood, 2006). I want to explore it

here for one specific reason: to understand neoliberal thought as a specific critique of the 'social', as a knowable, manageable, measurable and governable sphere of human activity (Gane, 2014). The roots of neoliberalism can justifiably be traced to this critical exchange, when Mises and Hayek first confronted socialist intellectual opponents who claimed to possess the technical and methodological wherewithal to govern an economy without mediation by market prices (Gane, 2013). In response, not only was the rationality and viability of a planned economy systematically criticised, but the justification for the price system (and the state's role in facilitating it) was refreshed, leading various scholars to start designing the conditions and policies for a neoliberal economy (Mirowski & Plehwe, 2009; Peck, 2010; Burgin, 2013; Dardot & Laval, 2014).

The crucial claim made by those contributors sympathetic to socialism was that there were technical and institutional instruments available to policy-makers, to allocate resources efficiently, without relying on market mechanisms. Many of these instruments were inventions of the late 19<sup>th</sup> and early 20<sup>th</sup> centuries, such as Taylorism and Walrasian equilibrium models and so on. Lange argued that while prices were indeed necessary for resources to be allocated efficiently, a price was simply the "terms on which alternatives were offered", and needn't be generated by an actual market transaction, but possibly by Walrasian economics (quoted in Caldwell, 1997). The technical and methodological advances that were unleashed by the marginal revolution, the 'second industrial revolution' and state bureaucratization were seized as providing a more advanced alternative to the price system.

In important ways, the neoliberal critique of socialist planning was not simply based on alternative normative presuppositions, but on a precise diagnosis of the technical and epistemological problems of modernity. In order to understand the 'spirit' of neoliberal critique more broadly, I want to characterize two dimensions of this diagnosis. Firstly, there is a critique of the incommensurability of value, in the absence of a price system, as advanced by Mises. Secondly, there is a critique of the performativity of knowledge, in a society governed by intellectuals, as advanced by Hayek. I turn to each of these in turn, with the aim of later considering the fate of these two critical capacities.



### *Commensurability critique*

The commensurability argument, which is principally found in the work of Mises, derives from a Weberian assumption that it is impossible to achieve any measure of substantive ends. As subjective orientations on the world, values only achieve any consensual objectivity via the instruments we use to pursue them and, where possible, compare them. Existing as internal psychological states or tastes, values themselves are incommensurable; they cannot be accounted for directly. If there were something like a 'general will' shared by all, it would lie outside of the domain of rationality, and we would have no means of knowing what it was in itself.

Mises's argument is an expansion of a marginalist worldview, to encompass broader sociological problems of rationality. In this respect, he can be viewed as one of the founders of the 'economic imperialism' that was later associated with the Chicago School of neo-classical economics (Gane, 2013). For Mises, economics is not a theory of the economy, but a "universally valid science of human action" (Mises, 1960: 19). But the 'ordinal revolution' which took place within marginalist utility theory during the 1880s is also crucial for Mises's critique of socialism. As he argues, "judgements of value do not measure; they merely establish grades and scales" or what economists would refer to as 'preferences' (Mises, 1990: 9). This ordinal notion of utility is a rejection of the Benthamite marginalism of Jevons and Edgeworth, which presumed that prices were a *proportionate* reflection of quantities of psychological gratification, and that other instruments (such as Edgeworth's imaginary 'hedonimetre') could plausibly be built in order to gauge this (Colander, 2007; Hands, 2009). Bentham himself had wondered whether human pulse rate, in addition to money, might serve as a means of measuring quantities of pleasure (McReynolds, 1968). If the ordinal revolution in utility theory were reversed, a key plank in Mises's argument for monetary calculation would be undermined. If, that is, experts *did* acquire the capacity to measure psychological experiences directly, then the problem of socialist commensurability would in principle be solvable.

The principle focus of Mises's critique is socialist manufacturing. He grants that a socialist society could make use of a market price system in consumer goods, which would avoid the need to discover people's private values. But socialism could not be socialism, if it involved private ownership of 'factors of production' (capital equipment etc), and without private ownership there could be no free market in these goods.

Hence, the price of productive goods could never emerge spontaneously, making their value impossible to ascertain. The socialist state would become embroiled in questions of how much productive capacity to invest in, which it could not answer without simply guessing what future human needs and desires might consist of. It would be, in Mises's famous phrase, "only groping in the dark" (Mises, 1990: 17).

Despite the considerable transformations within neoliberal thought following World War Two, the technical problem of commensurability remained pivotal for this intellectual tradition. Milton Friedman's seminal essay, 'The Methodology of Positive Economics', offered a behaviorist defense of neo-classical economics (Friedman, 1953). In this, the problem of incommensurable moral values, over which "men can ultimately only fight", remained central (1953). This can equally be seen in the work of Gary Becker, for whom neo-classical economics is merely an 'approach' which respects the infinite heterogeneity of human desires and concerns, while also processing them in quantitative terms (Becker, 1976). The Chicago School argument in favour of using positive economics as a tool of policy-making is no different from Mises's arguments for markets, namely that these are the only instruments through which conflicting values can be compared. Economics acquires a pragmatic justification as the best available intermediary in a complex liberal society.

### *Performativity critique*

Mises acknowledges that socialism would be feasible and efficient if the economy entered a 'static state' (1990: 16). If industrial or social progress came to a halt for any reason, the problem of calculation would disappear: firms would simply produce the same thing year after year, which corresponded to unchanging consumer values. This reminds us that a principle neoliberal justification for the market, at least within the Austrian School, is that it is intrinsically *dynamic*, granting it a unique role in the government of modern societies. In the absence of modernity, this justification dissolves. The socialist argument that Walrasian equations could be used in place of market prices, that is an efficient price could be calculated on paper, misses this decisive aspect of a market price, namely that it has a practical function in mediating change. The price system is a computer which we *inhabit*, providing the very conditions of our existential futurity, and cannot be adequately be replaced with a computer or model.

This practical function of the price system becomes even more important in the work of Hayek, who re-founds the critique of socialism on epistemological grounds (Hayek, 1942, 1943, 1945, 1949). This rests on what we might term an argument about *performativity*: for Hayek, knowledge is initially without any form, and only acquires form through the help of particular artifices. Knowledge is primarily embodied and tacit, posing a question as to how it can become shared across large, complex societies. The solution of social scientists and socialists is to ignore the various formless knowledges that are scattered across society, and impose form upon society from above, through theories and statistical aggregations of the social. Society is thereby *performed* by the state, but the heterogeneous knowledge possessed by the members of that society remains formless. The scientific error of social science and socialism is to view society like a natural object, and not to recognize that it is *already* constituted by knowledge, and cannot be known 'objectively' without doing some violence to this ontology (Hayek, 1942).

The market acquires an epistemological justification, which would shape subsequent neoliberal thinking (Mirowski, 2009, 2013). What the market is uniquely able to do is give form to distributed, embodied, unreflective forms of individual knowledge, by channeling this knowledge into the price system. The market has an instrument – monetary pricing – which is performative in everyday life. This is in stark contrast to the various expert instruments (accounting, statistics etc) on which socialist planning would depend. If the 'social' as a zone of human interaction hovers between the juridical and the economic, Hayek is effectively posing a choice as to how it will thereby be rendered explicit: will it be via a tool of individual choice, or a tool of state aggregation? In that sense, the market arguably rescues the spontaneity of the 'social', even while it abandons its normative and general dimension. The market, from a Hayekian perspective, *is* a spontaneous social order.

The post-War Chicago School tradition abandoned Hayek's pragmatic skepticism, in favour of a far more confident positivism (Van Horn et al, 2011). But the task of constructing performative instruments of knowledge was implicitly still fundamental. What defines Chicago economics is the extension of price theory into domains where it was previously absent – the state, the future, education, the family and so on (Fine, 1998, 2002; Nik-Khah & Van Horn, 2012). The construction of new techniques of *non-market* calculation implicitly (sometimes explicitly) seeks a performative role,

facilitating calculation where it was previously absent. Markets, from a Chicago perspective, do not need a formal analysis, as they already possess formality. Where economic analysis is needed is precisely where costs and benefits are lacking any formal definition (such as government bureaucracies), hence new calculative techniques are needed which will make them explicit and calculable. Various scholars have now shown how successful economists have been in constructing performative devices (MacKenzie, 2006; MacKenzie et al, 2007). It needs stressing that performativity is strongest (that is, economics is only necessary) in areas such as human capital or futures where the market requires *additional* calculative assistance from economics. If we accept that performativity arises in cases where economics is expanding imperialistically, then the performativity of economics can be witnessed as a distinctly neoliberal achievement.

### *The post-social*

What is distinctive about such neoliberal arguments is that they do not offer a narrowly utilitarian case for markets, but ground their justifications in more fundamental problems of modernity. For Mises, this is the impossibility of measuring values directly; for Hayek, it is the formlessness of human knowledge. Markets are deliberate political constructions aimed at coping with these problems. But the classically liberal separation of state, market and civil society no longer applies, once markets are performing this much more extensive moral and epistemological role. Rather than a social mediator between state and market, what neoliberals propose is some sort of *fusion* of law and economics. This fusion comes in two main traditions – an ordoliberal tradition which aims to infuse market institutions with juridical authority (Gerber, 1994; Bonefeld, 2012), and a Chicago School tradition which aims to rationalise juridical authority via the psychology of incentives (Van Horn, 2011; Davies, 2010). In policy implications, the two are quite divergent, especially with respect to the question of monopoly (Gerber, 1998). Yet both can be seen as efforts to overcome the ambiguity or paradox of the social, through forcing juridical and economic logic together. Rather than an ambiguous buffer zone between state and market, which neoliberal critique views as liable to be flooded by the state, neoliberalism brings state and market into a carefully constructed fusion with each other.

For neoliberals, it must never be clear where the market ends and the state begins, or else a conflict may arise between the two which risks opening up the space of the 'social' as neither calculative nor juridical. The post-social polity that results from this fusion does not, therefore, contain conventional market or state institutions, in the liberal sense of either. Instead, there is an interlocking relationship between calculating individuals and carefully calibrated public institutions, as Bentham first envisaged (Engelmann, 2003). Rendering all values explicit (either via markets or via economics) allows them to be commensurable and performative. This is a particular strategic solution to the problem of the ambiguous 'social', which seeks to eradicate that ambiguity.

### **Crises of neoliberalism**

When contemporary neoliberalism is afflicted by crises of various kinds, a default interpretation is to explain them in terms of faulty 'incentives'. This extends across domains of public policy, where 'behaviour change' has become a preoccupation in areas such as health and social policy, and within the private sector, where the 2007-09 financial crisis has been widely attributed to badly designed performance-related pay schemes and governance models. This resort to psychological interpretation may appear like wishful thinking, which ignores the broader institutional frameworks of market and state. But it is also necessary to see that, when 'incentives' fail, neoliberalism faces an existential crisis, which can only be alleviated by exceptional and violent measures.

The rise of behavioural economics as a tool of public policy-making and governance design can be understood against this backdrop. While the psychological study of behavioural influence can be traced back to the early twentieth century, the distinctive contribution of behavioural economics is to identify the precise limits of calculative rationality, and the entry point into normativity (Heukelom, 2006, 2011). In terms of the history of neoliberal government, the adoption of behavioural economics, as popularized in the notion of 'nudges', is therefore a defensive move, which seeks to prop up juridical-economic instruments and avoid the reappearance of the 'social' understood (in this instance) as undesirable 'herd behavior'. By accommodating an element of normativity within incentive schemes (that is, seeking to *normalize* rational

behavior in relation to nutrition, financial management etc), behavioural economics seeks to rescue neoliberal government from a more wholesale normative and social challenge (Langley & Leaver, 2012; Wilkins, 2013). Normativity is tested through experimentation, and then instrumentalised accordingly. This supports new forms of behavioural government, in which uncalculated exchange and promises are used strategically in order to produce commitments to new patterns of behavior.

The notion of an 'incentive' is sufficiently malleable as to replace virtually all other institutional categories, thereby blurring the distinction between state and market. An incentive is simply a governmental-psychological construction which achieves the two properties that Mises and Hayek initially identified with the price system, namely commensurability and performativity. Incentives are instruments (monetary or otherwise) which can transcend the conflict between multiple subjective values (they render human psychology commensurable) and provide explicit pathways for conduct (they are performative). The failure of incentives is therefore registered to the extent that they cease to function in this commensurating and performative manner. If they no longer appear to govern people in a standardized fashion, or are unable to formalize various important costs and benefits, then they encounter crisis.

Many of the new forms of 'social' government identified at the outset can be understood in terms of this type of incentive crisis. Attempts to capture 'social value', through innovative forms of accounting and cost-benefit analysis, expand the reach of incentive systems, so as to encompass a broader range of costs and benefits while seeking to avoid the problems of socialist calculation; price remains the key instrument of measurement and decision-making (Fourcade, 2011). Embedding 'social enterprise' within frameworks of monetary valuation, such as 'social return on investment', is a means of pursuing various forms of 'positive externalities' without forsaking the commensuration and performativity offered by economics and markets (Hall, 2014).

However, there are other forms of new social government that are much less easy to explain in terms of expanded neoliberalism, and these require their own separate genealogy. To the extent that these are resistant to the original neoliberal critique of the social, for specific technical reasons, they potentially offer a new basis for social(ist) government that cannot be simply explained away as neoliberalism in

disguise. This is not to say that they are necessarily emancipatory or normatively desirable, only that they offer viable alternatives to the neoliberal emphasis on price, and must be taken seriously as elements of a post-neoliberal paradigm.

#### *Moral commensurability after neoliberalism*

The neoliberal critique of social government, that it would lack a unit of account for needs and demands, rested on the assumption that utility can only be captured in ordinal terms, that is, as ranked preferences. Various challenges to this assumption developed during the late 20<sup>th</sup> century, such as ‘happiness economics’, which have since contributed to the renewal of ‘social’ government. Underlying these is a more fundamental trend, that can be understood as the *medicalization of value*, and whose origins lie in the immediate post-War period, though well outside the purview of neoliberal theoretical development. Mises’s argument can withstand socialist claims about the centralized calculability of preferences, but is far more vulnerable to the challenges posed by new psychosomatic definitions of health.

The World Health Organisation was founded in 1948 with a new definition of health as a “state of complete physical, mental and social wellbeing”. This allows for questions of ‘health’ and ‘illness’ to be carried beyond the somatic realm, and to penetrate psychic and relational spheres of existence. Various things follow from this. Firstly, the subjective experience of health becomes one of its critical indicators and components (Armstrong, 2008). This became more explicit with the rise of ‘Quality of Life’ discourses and measures in healthcare during the 1970s (Benzer, 2011). Positive and negative feedback loops between psychological and physiological experiences of ‘wellness’ start to enter the considerations of health policy, and the problem of psychosomatic illness grows more acute. Secondly, the problem of health shifts from a binary one of ‘ill’ or ‘healthy’, to one of endless bio-psycho-social optimization, which never reaches its target. This means that the reach of health policy can potentially permeate all domains of activity, so long as there is adequate surveillance. Thirdly, new types of expert are required to judge and measure health in this broader holistic sense. These bring with them new types of intervention, aimed at promoting general activity and reducing stress, problems that incentive-based forms of policy intervention struggle to cope with.

Subjective valuation retains a prominent position within this epistemological paradigm, but this valuation is itself no longer considered beyond the limits of scientific measurement and comparison. With the discovery of anti-depressants in the late 1950s and surging rates of depression diagnosis in advanced economies from the 1970s onwards, the problem of utility (or hedonia) became not only cardinal, but biological, rooted in brain chemistry (Healy, 1997; Rose, 2003). The question of how to produce happiness and 'wellbeing' became a matter of medical and economic priority, which involved the creation of new scales to measure psychological satisfaction. Various psychological scales were invented in the early 1960s aimed at representing mental wellbeing, such as the Hamilton Depression Scale (1960) and the Beck Depression Inventory (1961). In 1965, the pollster Albert Cantril published *The Pattern of Human Concerns*, containing the first attempt to compare entire nations according to reported happiness (Cantril, 1965). In the 1970s, this sort of data began to be used by economists for the first time, alongside the 'social indicators movement', to produce new ways of measuring national progress, which challenged Gross Domestic Product (Easterlin, 1974; Innes, 1989).

This congregation of medical, psychiatric, psychological and economic methodologies for measuring subjective wellbeing facilitates a return to cardinal utility, of the sort proposed by Bentham and the early English marginalists. Since the 1990s, this has accelerated, with the emergence of distinctive fields of 'happiness economics' and 'neuroeconomics', the latter purporting to identify utility with a particular quantifiable neurochemical, namely dopamine (Kahneman et al, 1997, 1999; Zizzo, 2002; Caplin & Dean, 2008). 'Smart' mobile technologies and bodily sensing devices allow for measurements of stress or happiness to be conducted beyond the limits of laboratory experiments or surveys, potentially allowing for constant evaluation of wellbeing, where individuals are willing to co-operate with such methods (Davies, 2015). National wellbeing measures have now been adopted by a number of national statistical agencies around the world.

Whether or not these developments have in practice undermined neoliberal tools of government, they have undermined a critical justification for monetary pricing, namely that there is no alternative means of comparing subjective valuations. The assumption of ordinal utility by Mises, or of methodological behaviourism by Friedman, becomes increasingly untenable, in the face of authoritative cognitive,



medical and neuroscientific accounts of happiness. In the face of these new utilitarian sciences, economists who wish to retain a behaviorist ‘revealed preference’ theory are required to fall back on purely normative, liberal justifications (e.g. Saint-Paul, 2011). The privileged technical position of the market, vis a vis the commensurability of value, is lost.

### *Social performativity after neoliberalism*

What I have termed neoliberalism’s ‘performativity’ justification for the price system rested on the fact that the market was uniquely able to compute distributed, often instinctive forms of knowledge, in real-time. Formal alternatives, such as general equilibrium models, were simply too complex to compute. In response to growing computing power in the late 20<sup>th</sup> century, the case for socialist calculation was revived by Marxist computer scientists who argued that the proposals of Lange in the 1930s were now a technical possibility (Cockshott & Cottrell, 1993, 1999). Yet this still misses the distinctly *performative* quality of the market (and of economics) as a way of mediating and explicating uncertain, tacit forms of knowledge. Neoliberal critique suggests that if knowledge is not to be performed by prices, then it will necessarily be performed by the state, in the form of social science and statistics. Computing power does not by itself weaken this critique. But the digitization of enacted social relations potentially does. The social might thereby be performed through a form of sociology that is emergent from individual action, challenging economics through additional quantification and calculation of everyday life, rather than less (Latour & Lepinay, 2009).

Social network analysis dates back to the ‘sociograms’ produced by Jacob Moreno in schools and prisons in the early 1930s (Freeman, 2004; Moreno, 1953). Moreno believed that he was bringing psychoanalysis out of the restricted private setting that Freud had located it in, and into everyday life, to produce a science of social relations, but without tipping into socialist or statistical aggregation (Marineau, 1989). American culture appeared to offer a route between excessive individualism (which he accused Freud of) and excessive state power, which Moreno saw as latent within sociology and Marxism. Moreno therefore shared much of the neoliberal critique of the social, understood as a state-led aggregation, but set about inventing a new method which aimed to grasp the social as emergent from individual freedom. Studying and mapping social relations would offer a way of knowing the social, which

nevertheless respected the autonomy of the individual. Sociograms were the visual representation of social networks, as we now know them.

In common with socialist calculation, a significant methodological obstacle standing in the way of this new social science was the computational requirements that it encountered. The number of potential connections within a network rises exponentially as the size of the network increases. It wasn't until the 1960s that computer software was developed to assist with this sort of analysis, and the number of software packages to carry out social network analysis grew rapidly during the 1970s (Freeman, 2004). Thanks to computation, a new technical representation of the 'social' was now possible, built up from spontaneous individual interaction, rather than from aggregation. But data still needed to be collected by specialist social network analysts, and the methodology could not therefore be performative in everyday life. It was decentralized in its methodological assumptions, but not its practical applicability. The Hayekian justification for price calculations, namely that they are distributed across society, giving form to tacit knowledge, remains in tact.

It is against this backdrop that the significance of social media and ubiquitous digitisation, for the genealogy of neoliberalism, can be understood. Social media offers a technology which formalizes everyday social life, in ways that are neither reducible to price, nor deduced from centralized statistics. As a set of mediating devices and conventions, social media combines with network analysis (often known in a business context as 'social analytics') in much the same way that markets combine with neo-classical economics. The everyday user performs their social life via facebook, twitter et al, while the expert contributes to this new formatting of the 'social' through application of methodological techniques for spotting the movement of trends and behaviours. Computer power itself is not enough to defy the neoliberal critique of socialist calculation, so long as computers remain restricted to the role of centralized model-builders. Hayek's argument is not that markets work uniquely in theory, but that they work uniquely *in practice*, as means of performing everyday calculation. However, when computer power is decentralized, and operative in everyday social interaction, this claim for the indispensability of the market begins to disintegrate. When computation becomes entangled in real-time interaction, the viability of socialist calculation looks far more plausible (Dyer-Witheford, 2013). Questions do, however, remain regarding who the new social analysts are likely to

be, and with what agenda. At present, they appear congregated within corporations and agencies which serve them.

### *New Social Governance*

If these new possibilities for value commensuration and social performativity are taken seriously, what new types of social governance or rationality might thereby be likely? To put this in much grander terms, what is it that comes after neoliberalism? We should be wary of exaggerating here, for much of the apparatus that we recognize as neoliberalism is evidently still in place. The attempt to govern through incentives (albeit, with an enriched behaviorist account of how these work empirically) remains dominant. But new techniques of the 'social' are beginning to re-open a distinct space of spontaneous-yet-collective activity, which is not reducible to either market or state.

This can be seen where the two technical advances noted above – the return to cardinal utility and the digitization of social relations – occur in tandem with one another. It is widely recognized that social media offers new forms of consumer insight, through 'sentiment analysis' and mapping patterns of links and 'likes' (Arvidsson, 2011; Gerlitz & Helmond, 2013). This potentially provides the basis for a new system of value commensuration, which challenges that of market price, and may be representative of a broader set of ethical values (Arvidsson & Peitersen, 2013). 'Social value' needn't be converted into monetary form, if a new unit of commensuration can emerge via a commonly used platform of valuation. Techniques of social analytics achieve what socialist calculation could not, in identifying subjective valuations through tracing their real-time expressions, without any mediating unit of exchange value. A form of socialist calculation enacted by the corporation, rather than by the state, becomes entirely plausible, when seeking to understand the interests of consumers and high value employees.

Where these infrastructures may be more governmentally transformative in future, however, is in tracing bio-psycho-social problems as they move through social networks. Chronic problems such as depression, obesity and loneliness are increasingly viewed as problems of public health, which move like epidemics through social networks (e.g. Christakis & Fowler, 2011). This poses the question of what the infrastructure of governance might be, which could spot and alleviate this risk of

contagion. The data which accumulates from digital networks is one answer, and where individuals can be drawn into this surveillance through contributing their own regular updates on mood and behavior (for instance via a smart phone) the capacity to achieve far-reaching, real-time surveillance of 'wellbeing' is very high.

Governmental solutions which aim to re-build the social, through producing 'social capital' and relationships where they are absent, are at the forefront of policy thinking in the early 21<sup>st</sup> century in contexts such as Britain. The idea of 'relational government' has been suggested in a British context, as the successor to the more transactional 'service delivery' model of the neoliberal state (Mulgan, 2012; Muir & Parker, 2014). Given that such government cannot be performed purely through rhetorical and affective appeals to 'mutualism' or 'grass roots', the question of how to monitor, measure and optimize connectivity necessarily arises. It is here that the governmental potential of social network analysis, combined with quantitative measures of psychosomatic wellbeing, is becoming apparent.

If the political authority of monetary calculation is to receive a significant challenge, it is likely to come from a different mode of materiality, namely the optimisation of the body. Technologies which attach themselves directly to the body, for measurement of stress (via pulse rate and body temperature), and communicate this information both to the wearer and to a centralized data bank, further push the frontier for the formal analysis of social life. The discovery that lonely people suffer more physical pain following hip operations, or that seeing another person in pain triggers the same neural response as actually experiencing it oneself, or that a particular part of the brain can be physically stimulated to produce the experience of bliss, suggests that a neural and biological notion of the 'social' may in the long-term become most consequential for the formation of new social governance (Rose & Abi-Rached, 2013). These problems and discoveries rest on logics that lie entirely outside of the neoliberal tradition of rationalization, under any meaningful definition of the latter.

### **Conclusion: The Re-birth of the Social?**

Foucault argues that the 'social' as a distinct domain of human conduct arose initially in the ambiguous space at the interface of state and market, where juridical and

market logics bleed into one another and mingle. Neoliberalism is a mode of rationalization that will not tolerate such ambiguity, and thereby seeks to fuse legal and economic logic in the style of Jeremy Bentham. Economic rationality comes to provide the procedures of the state; the state comes to substantiate the mechanisms of the market. Rather than a mingling, the two are conjoined in various forms of incentive-based government. Social government is considered irrational in the precise sense that it lacks instruments capable of commensurating value and performing knowledge.

The new sciences of the 'social', led by network analysis and the psychology and neurology of emergent relations, do now offer rationalities that defy this precise neoliberal critique. The inspiration for neoliberalism was the recognition that knowledge of the 'social' was becoming increasingly monopolized by the state, and its associated experts. The thrust of much neoliberal critique and policy was aimed at deconstructing and dismantling aggregative techniques and rationalities of 'society', which obscured the logic of individual decision-making. But as recent rhetorical appeals to civil society and the rise of behavioural economics apparently accept, this largely underplayed the extent to which individual decision-making itself contains the germs of 'social' behaviour within it. In focusing primarily on the aggregative techniques of socialist planning, neoliberal critique somewhat under-estimated the potency of emergent social behaviour and normativity. Governing via relations and networks, to influence subjectively-held values, represents a significant departure from neo-liberalism.

There is, however, one further domain of social conduct which is neither market, nor state, nor civil society, but which the neoliberal era did a great deal to expand and empower. This was the corporation. By many accounts, the actually-existing neoliberal era has been less characterized by an expansion of markets, than by an increase in the autonomy and size of corporations, often at the expense of competitive markets (Crouch, 2011). Corporations are paradoxical entities, which are simultaneously private assets, belonging to shareholders, and associations of people. Neoliberal theory explicitly treats them only as the former, as demonstrated by the doctrine of 'shareholder value', while assuming that their internal hierarchy must functionally be an efficient means of minimizing 'transaction costs' (Lazonick & O'Sullivan, 2000). But if the social is understood as the buffer zone between the

juridical and the economic, neoliberalism arguably *did* allow for an autonomous space of 'social' conduct in workplaces and branded lifestyles, but simply refused to name it as such. Social psychology, of the sort developed by Moreno, has a long and well-analysed history of shaping new types of management of enterprises.

A final proposition that is worth considering is that the new 'social' that is emerging alongside or after neoliberalism is a case of the corporation being turned inside out. Rationalities and techniques developed for the creation of committed relationships, and put in the hands of human resource managers and marketers, are being pushed outwards for the management of much larger populations. Techniques of 'control', which arose for purposes of business management (Beniger, 1986) break their limits, and become used for the constant surveillance of all, producing a 'control society' (Deleuze, 1992). The revived 'social' moves beyond the state-market fusion of neoliberalism, towards a new *management* of everyday life, beyond the boundaries of any individual enterprise. In a perverse way, this is as Lenin predicted: "the whole of society will have become a single office and a single factory" (quoted in Steele, 1992: 68).

There is political potential in this new social, not least for the opportunities it offers to criticize policies and practices which threaten to render productive and healthy relations impossible. The critical question is whether new techniques of the social could ever launch autonomous communities, capable of subverting or de-stabilising the existing order. The anchoring of social media in shareholder-owned corporations suggests that the de-coupling of the new social from economic rationality is currently unlikely, as does the increasing interpenetration of health and economic policy, via categories of 'wellbeing'. Added to this political disappointment is the discovery, thanks to Snowden, that social technologies are also anchored in exceptional *sovereign* rationalities, of the security services. The somewhat pessimistic conclusion to draw, therefore, is that a new form of the 'social' has arisen that isn't entirely reducible to market or state logic. But its mediation between the two is not a sign of relative autonomy, as the original ideal of 'civil society' had posited, but serves to glue law and economics together in a new way, more tightly than ever before.

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## Endnotes

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<sup>i</sup> 'Social prescribing' refers to the practice of prescribing activities, such as gardening, singing, fishing and dancing, as a means of restoring psychosomatic wellbeing. It may involve formal or informal alliances between medical practitioners and social enterprises, in order to deliver the activities concerned.