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Thirteen Things You Need to Know about Neoliberalism

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Thirteen Things You Need to Know about Neoliberalism

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Abstract: This paper examines the theories and practices of neoliberalism drawing upon five case studies of housing and water across Poland, Portugal, South Africa, Turkey and the United Kingdom. This examination ranges across thirteen aspects of ('things you need to know about') neoliberalism. They include the argument that neoliberalism is not reducible to a cogent ideology or a change in economic or social policies, nor is it primarily about a shift in the relationship between the state and the market or between workers and capital in general, or finance in particular. Instead, neoliberalism is a stage in the development of capitalism underpinned by financialisation. Neoliberalism is highly diversified in its features, impact and outcomes, reflecting specific combinations of scholarship, ideology, policy and practice. In turn, these are attached to distinctive material cultures giving rise to the (variegated) neoliberalisation of everyday life and, at a further remove, to specific modalities of economic growth, volatility and crisis. Finally, this paper argues that there are alternatives, both within and beyond neoliberalism itself.

Key words: financialisation, neoliberalism, housing, water, capitalism

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Introduction

Oh no, not another piece on neoliberalism, synthesising what has gone before, adding its own particular angle, and thereby compounding the confusion as much as clarifying what has gone before.[1] And, what's more, written with a popular title along the lines of Ha-Joon Chang's (2011) *23 Things They Don't Tell You About Capitalism*. But appearances can be deceptive. For, whilst what follows is a stocktaking exercise, delivered to some degree in popular and stark form, it gains depth from three sources. One is longstanding scholarship on neoliberalism itself.[2] Another is being able to view, and to present, neoliberalism in light of the global crisis. The third is to have illustrated the nature of neoliberalism through comparative case studies around housing and water, themselves situated in the broader context of study of the impact of financialisation on economic and social functioning.

This intellectual exercise is both significant and timely because the current 'age of neoliberalism' has already lasted beyond one generation – exceeding the lifetime of the preceding Keynesian 'golden age' – and there are no signs that it is about to give way. The solidity of neoliberalism, its continuing ability to renew itself and intensify its hold on governments and societies despite economic volatility and the depth of the current crisis, warrants recognition and detailed investigation.[3]

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[1] Much of the neoliberal conundrum is neatly illustrated by Wacquant (2009, p.306): 'Neoliberalism is an elusive and contested notion, a hybrid term awkwardly suspended between the lay idiom of political debate and the technical terminology of social science, which moreover is often invoked without clear referent. For some, it designates a hard-wired reality... while others view it as a doctrine ... It is alternately depicted as a tight, fixed, and monolithic set of principles and programs that tend to homogenize societies, or as a loose, mobile, and plastic constellation of concepts and institutions adaptable to variegated strands of capitalism'. See also Prügl (2015,p.616) who, in the context of 'Neoliberalising Feminism', suggests that:

> Neoliberalism has become somewhat of a master variable, an explanatory hammer that fits all nails, used to account for a multiplicity of contemporary phenomena, and largely replacing other master concepts such as capitalism, modernity, and globalisation.

[2] See, for example, Ayers and Saad-Filho (2008, 2014), Bayliss et al (2011), Chang, Fine and Weiss (2012), Fine (2010a, 2010b), Fine and Hall (2012), Fine and Saad-Filho (2014), Saad-Filho (2003, 2007, 2008, 2011), Saad-Filho and Johnston (2005) and Saad-Filho and Yalman (2010).

[3] For the persistence of neoliberalism, despite the crisis, see the aptly named 'The Strange Non-Death of Neo-liberalism' (Crouch 2011).

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This paper is one of three thematic papers prepared for Deliverable D8.27 of Work Package 8 of the EU-funded research programme *Financialisation, Economy, Society and Sustainable Development* (FESSUD). These thematic papers bring together findings based on a collection of case studies submitted for Deliverable D8.25 which examined the systems of provision (SoP) for water and housing in five selected locations: UK, Poland, Portugal, South Africa and Istanbul. This paper also draws on findings presented in the sectoral synthesis papers presented for Deliverable D8.26.[4] These three thematic papers reflect on how the empirical findings from the case studies relate to some of the broader themes of the FESSUD research programme. This paper focuses on the nature and impact of neoliberalism in these sectors and more broadly. The further two themes addressed as part of this Deliverable explore the impact of financialisation and the role of the state with particular reference to housing and water.

The case studies carried out sectoral reviews using the systems of provision (SoP) approach, which is based on the understanding that sector outcomes emerge from relations between agents which are themselves embedded in historically evolved social and economic structures and processes. This is in contrast to orthodox economic approaches which view the world in terms of deviations from an idealized, market-like condition, subject to correction through regulation or otherwise. Originally devised in connection with consumption studies, this segment of the FESSUD research programme set out to extend the SoP approach to consider public sector systems of provision with particular reference to housing and water (for more on this see Bayliss, Fine and Robertson 2013).

I.

[4] For the Case Study reports (D8.25), see Bayliss (2014 and 2015a); Çelik, Topal and Yalman (2015); Isaacs (2015); Lis (2015a; 2015b); Robertson (2014); Santos, Serra and Teles (2015); Teles (2015); Yilmaz and Çelik (2015). For synthesis papers (D8.26) see Bayliss (2015b) and Robertson (2015).

The first thing you need to know about neoliberalism is that it represents a new stage in the development of capitalism emerging in the wake of the post-war boom.

In the social sciences literature, neoliberalism has generally been understood in four closely-related and not always easily separable ways: (a) as a *set of economic and political ideas* inspired, unevenly and often inconsistently, by the (neo-)Austrian School and monetarism;[5] (b) as a set of *policies, institutions and practices* inspired and/or validated by those ideas;[6] (c) as a *class offensive against the workers and the poor* led by the state on behalf of capital in general and finance in particular (this attack is normally justified by recourse to neoliberal ideas and carried out through so-called economic 'adjustment', especially in developing but increasingly in developed countries in crisis),[7] and (d) as a *material structure of social, economic and political reproduction* underpinned by financialisation, in which case neoliberalism is the current phase, stage, or mode of existence of capitalism. Each conceptualisation of neoliberalism necessarily involves a further issue: does this understanding of neoliberalism offer anything of substance in capturing the contemporary world beyond poorly specified notions of 'free market' capitalism, post-fordism (underpinning postmodernism), the 'knowledge economy', the ever popular consumer society (neoliberally underpinned by excessive credit), or whatever?[8]

Our own starting point is to characterise neoliberalism in light of approach (d). This immediately raises three further questions. First is how do we define a stage of capitalism.

[5] See Dardot and Laval (2013), Mirowski and Plehwe (2009) and Stedman Jones (2012).

[6] Thus, for Dardot and Laval (2013, p.7), 'Since the late 1970s and early 1980s, neo-liberalism has generally been interpreted both as an *ideology* and as an *economic policy* directly informed by that ideology'.

[7] See, for example, Duménil and Lévy (2004) and the works reviewed in Cahill (2014).

[8] Similar, if not identical, questions might be asked of 'globalisation' which is the most prominent way of characterising the contemporary world, not necessarily as a stage of development, but with multiple, competing, contested and not always consistent interpretations (Kiely, 2005; Kozul-Wright, 2006; Labica, 2007; Rosenberg, 2000, 2005).

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This is done through the distinctive ways in which economic reproduction (the accumulation, distribution and exchange of value) is organised and reorganised *and* its implications for social reproduction (the structures, relations, processes and agents that are not directly or predominantly economic, including the political and the ideological). As Dardot and Laval (2013, p.14) rightly put it, 'the originality of neoliberalism is precisely its creation of a new set of rules defining not only a *different* "regime of accumulation", but, more broadly, a *different* society'.

Second is how do we characterise previous stages of capitalism. This is to some degree academic as there tends to be uniformity over the periodisation of capitalism into separate stages even if slightly different criteria from ours are used to do so.[9] Some sort of laissez-faire period in the nineteenth century is presumed to give way to a more monopolistic stage in the first half of the twentieth century which then passes to a stage in which state intervention is significant, conventionally termed the Keynesian or Fordist period.[10] More significantly, stages of capitalism are distinguished by global and not merely (a collection of) national conditions, so it would be inappropriate to start inductively from the classification of countries into those that are more or less (neo)liberal, Keynesian or whatever. Rather, different countries exist within, and influence, the dominant stages of global capitalism in different ways, and this has implications for what might be termed the variegated outcomes for the economic, the political and the ideological more generally at different levels and in different arenas.

The third issue is why neoliberalism should be considered a new and separate stage of capitalism. Our answer is to be found throughout what follows but is fundamentally based upon the insight that the most salient feature of neoliberalism is financialisation. As is

[9] Of course, there may be exceptions if periodising by relatively disconnected criteria such as political systems, wars and technologies.

[10] This leaves open how to characterise the stage after Keynesianism if not neoliberalism, with post-Fordism also having proven incapable of delivering anything other than a temporary and unsatisfactory answer (Mavroudeas 1999, 2006).

shown in the ***fifth thing***, the rise of financialisation over the past thirty years, defined as the intensive and extensive accumulation of interest-bearing capital, has transformed profoundly the organisation of economic and social reproduction. These transformations include not only outcomes but the structures, processes, agencies and relations through which those outcomes are determined across production, employment, international integration, the state and ideology. The term financialisation, then, encapsulates the increasing role of globalised finance in ever more areas of economic and social life. In turn, financialisation underpins a neoliberal system of accumulation that is articulated through the power of the state to impose, drive, underwrite and manage the financialisation and internationalisation of production and finance in each territory, often under the ideological veil of non-intervention.

Our favoured approach, then, not only claims that neoliberalism is the current stage, phase or mode of existence of capitalism but also explains how and why it should be understood as such. It also implies that the starting point in specifying neoliberalism must have both logical and historical content. The former concerns the nature of economic reproduction under neoliberalism, while the latter focuses on the (uneven) ways in which neoliberalism exists across different countries including both economic and social reproduction. For, as will be seen under the ***tenth thing***, neoliberalism is distinctive but not homogenising. Instead, it fosters diversity and differentiation underpinned by common aspects. It is the latter that have to be identified in the first instance, together with their internal contradictions, tensions and sources of dynamics and, consequently, potential to realise uneven outcomes and the mechanisms and determinants through which they do so in specific instances. In contrast, the commonly held presumption that neoliberalism is homogenising is grounded at an excessively concrete level and in a selective manner, either missing out on the diverse consequences of the common drivers of neoliberalism, or inevitably concluding that it is an incoherent specification of contemporary capitalism in light of this diversity.[11]

[11] See Castree (2006) and Ferguson (2007). For Venugopal (2015, p.165), 'neoliberalism has become a deeply problematic and incoherent term that has multiple and contradictory meanings, and thus has diminished

Within this understanding of neoliberalism as a stage of capitalism, housing and water feature as two aspects of economic and social reproduction that have been transformed over the last thirty years. The case studies corroborate the view that the defining feature of this transformation is the intensive and extensive accumulation of interest bearing capital - in short, financialisation – supported by the state under the veil of non-intervention. For example, a key trend across all of the housing case studies was the extension of homeownership which, with varying degrees of success, has served as a means to incorporate more households into mortgage markets, and as a basis for developing secondary mortgage markets. States have played an active role in this shift, with interventions ranging from creating the legal and regulatory frameworks for primary and secondary mortgage markets to exist, to subsidising mortgages and even the building of houses to which it is hoped mortgages will be attached. Yet such interventions tend to be couched in pro-market rhetoric, with non-commodified forms of provision prohibited. Within these patterns, there is wide variation in the content and degree of state intervention across the case studies, which, along with variation in the extent to which intensive and extensive financial accumulation has taken hold in the housing sector, serves to emphasise the unevenness of neoliberalism, and the associated importance of attending to its historical as well as its logical content.

Evidence from the water case studies supports the notion of neoliberalism as a stage of capitalism. In the provision of water, systems of provision broadly follow the trends outlined above. Early private providers were taken into the public domain in the post-war period in large part due to the failings of private providers to reach rural and low-income areas. However, the compartmentalising of stages is not clear-cut and gives rise to contradictions where they overlap as the case studies in Poland, Portugal and South Africa demonstrate. In these countries state resources were invested in the 1990s to expand

analytical value.' But also, for the contrary, Hart (2002, 2008) for neoliberalism's contingent diversities as opposed to incoherencies, and also Peck (2010).

access to unconnected rural and low-income areas. At the same time, neoliberal policies were gaining ground so that households were facing tariff increases to ensure that charges would cover costs. The result in some cases has been that the water provided by the state-led infrastructure investment is too expensive for households to afford. Some have been disconnected as a result. State-led expansion is increasing access while neoliberal financial management is limiting it!

The approach to neoliberalism in what follows informs a specific understanding of two key features of the contemporary political economy. These are, first, that financialisation has transformed global patterns of growth. The rates of investment and GDP growth in the advanced economies have tended to decline since the crisis of the so-called Keynesian, Fordist or social democratic 'golden age', regardless of the unprecedentedly favourable conditions for capital accumulation in the recent past, in part imposed through neoliberalism itself. These conditions include the West's victory in the Cold War and the collapse of most nationalist movements in the Global South, and the closely related liberalisation of trade, finance and capital movements, the provision of unparalleled support to accumulation by competing states, the containing of taxation, transfers and welfare provision in most countries, the secular decline in the power of trade unions, peasant movements, left parties and social movements (the traditional sources of resistance within previous forms of capitalism), and the unprecedented ideological hegemony of a bogus but vociferous 'free market' capitalism. Finally, the unprecedented availability of new technologies serves as a potential source of productivity increase and driver of the restructuring of accumulation, alongside significant increases in the global labour force, not least with China's integration into the capitalist world economy. Instead of thriving on the basis of these conditions, global accumulation in the core countries has been hampered by continuing instability and, since 2007, by the deepest and longest economic crisis since the Great Depression.

The second key feature is that neoliberal patterns of production, employment, finance and consumption have simultaneously sustained impressive rates of investment and GDP growth in particular regions, with Northeast and Southeast Asia to the fore and, more recently, the transformation of China into the assembly hub of the world.[12] This is far from suggesting that neoliberalism fosters an unproblematic 'global convergence'. Rather, it creates new patterns of uneven and combined development, in which unparalleled prosperity within and across countries and regions, and for specific social strata (possibly identified as financial or other elites or oligarchs, the top 1%, the top 0.01% or whatever), both coexist with new patterns of poverty as well as its reproduction in areas where it already prevailed.

II.

The second thing you need to know about neoliberalism is that it is not reducible to a cogent ideology, but it is attached to a wide spectrum of ideas. These ideas display a changing relevance in rationalising current conditions and selected policies, quite apart from their leverage over state policy and their role in confining and steering political and other contestations.

Neoliberalism draws heavily, if at times indirectly, upon the Austrian tradition of Ludwig von Mises, Friedrich von Hayek and their neo-Austrian successors, and the US monetarist school associated with the Department of Economics, University of Chicago in general and with Milton Friedman in particular. They argue, albeit in sharply dissimilar and logically incompatible ways, that differently endowed property-owning individuals exchanging goods, services and information in minimally regulated markets constitute the most desirable form for allocating resources and should prevail over an interventionist role of the state and, even if less apparent in popular discourse, democratic processes: the

[12] Bellamy Foster and McChesney (2012).

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neoliberal ideology of free markets can never entirely part company with its antithesis in some respects, the authoritarian state.[13]

Despite their shared purposes and conclusions, even casual examination reveals considerable tensions between these scholarly underpinnings of neoliberalism. For example, while the (neo-) Austrians emphasise the inventive and transformative subjectivity of the individual and the spontaneous emergence of an increasingly efficient order through market processes, neoclassical economics focuses on the efficiency properties of a static equilibrium achieved entirely in the logical domain on the basis of unchanging individuals, resources and technologies and, possibly, mediated by the semi-divine intervention of the 'auctioneer'. Nor does either capture the political economy and moral philosophy associated with Adam Smith, despite their obsessive rhetorical recourse to the 'invisible hand', with its meaning and rationale subject to varieties of (mis)interpretations.[14]

The analytical inconsistencies and policy failures of monetarism have been exposed in merciless detail by Keynesian and heterodox economists, but these shortcomings have been largely ignored by mainstream economists, policymakers and the media.[15] They promoted, instead, a populist understanding of 'competitiveness', 'individual freedom' and 'democracy' that has validated neoliberal policy reforms and repression of opposition in

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[13] See Ayers and Saad-Filho (2014), and note the putative 'de-politicisation through economisation' (Madra and Adaman, 2014). The neoliberal dilemma across freedom of, and yet control over, individual choice is neatly addressed in scholarship, ideology and, increasingly, policy in practice, by the notion of 'nudging' behaviour (Fine et al 2015).

[14] See Hands (2010) and Witztum (2013) for the poverty of the attempted socialisation of the individual in mainstream economics relative to Adam Smith. Medema (2009) demonstrates the tension between appealing to pursuit of self-interest as a rationale both favouring and opposing state intervention.

[15] Following the decline of Friedman's monetarism in the 1980s, the emerging neoliberal ideas were strapped more or less awkwardly to different versions of 'supply-side' and new classical economics, new Keynesianism and new institutionalism, depending on how imperfectly working markets were conceptualised and incorporated into macroeconomic analysis (see Fine, Lapavitsas and Pincus 2001, Fine and Milonakis 2009, and Milonakis and Fine 2009).

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country after country, while also providing reassurance that the neoliberal reforms spawn the best of all possible worlds.

Despite its impressive strengths, neoliberal ideology remains too fragmented to provide a coherent representation of society. It offers, instead, a fuzzy conception of self and society based on universalism, individualism, formal egalitarianism and meliorism. This worldview justifies a set of loosely articulated finance-friendly state policies and practices giving neoliberalism a semblance of coherence in the realm of ideas, and considerable resilience in practice: these policies cannot be contested easily, for the neoliberal restructuring of the economy and society not only narrows drastically the scope for, and directions of, debate, but also hollows out the institutional channels from which alternatives could emerge (see ***thirteenth thing***). These limitations are notable, for example, in stridently defended privatisations that are habitually awarded to, or create, monopolies, and in decentralisation of state provision, in which a leading thrust is to 'devolve' responsibility for delivery to lower levels of administration (claiming also to democratise), whilst not providing sufficient resources to allow for provision to meet requirements whether formal or otherwise, and imposing the requirement to rely on private suppliers (see ***ninth thing***).

The fraught relationship between neoliberal policy and ideology, and the often incoherent nature of the latter, is evident in the way that homeownership has been promoted and pursued across the case studies. It was said above that homeownership and the opportunities it presents, via primary and secondary mortgage markets, for financial accumulation, is a defining feature of housing provision under neoliberalism. Yet homeownership has been justified in a range of often incompatible ways. For example, privately-owned homes are portrayed as both an investment good or lucrative asset, and as more homely and better at providing places of stability, comfort and security than other tenures. Similarly, homeownership is celebrated for cultivating calculating rationalities in agents making decisions about housing, at the same time as it is seen as fulfilling a natural and innate desire to own one's own home, Payne (2012). Despite the tension between these implied uses of, and attitudes towards, housing – which depict privately-owned homes as both economic and emotional assets – each conception occupies an uneasy coexistence in neoliberal rhetoric, and in relation to one another.

To the extent that there is a common element across the different portrayals of homeownership, it takes the form of a preference for self-reliance through the market, and a presumption against collective forms of provision, particularly via the state. Here housing dovetails with the pro-market, anti-state interventionist stance that pervades neoliberal ideology more generally. In practice, however, housing policy has been much more pragmatic than this individualistic and anti-state ideology would suggest. States have been proactive and heavily interventionist in creating and extending markets for both mortgages and owner-occupied properties. For example, all of the case studies have at some point utilised mortgage subsidies to expand the section of the population covered by mortgage markets. Furthermore, in the UK and Poland, homeownership received a big push from the privatisation of previously state-built housing, while in Turkey and South Africa the state is heavily involved in building housing for low-income homeownership. The rhetoric of non-intervention has thus served as a smokescreen behind which states have intervened, often heavy-handedly, to abet the transformation of housing into private assets.

The decentralisation of responsibilities to local government units, without the resources necessary to meet these responsibilities, or freedoms to choose how to meet them, has been another feature of neoliberal housing policy. In both the UK and Poland, the dynamics of decentralisation were tied up with privatisation. Ownership of the state-produced housing stock formally resided with municipalities but, in both cases, these municipalities were forced by central government to offer tenants a discounted right to buy, leading to the privatisation of the bulk of the public housing stock. The heavy discounts attached to this right, along with strictures on new building – again imposed by central government – have made local governments increasingly unable to meet their devolved responsibilities with regards to housing the otherwise deprived.

The centrepiece of Turkey's neoliberal housing strategy has been the Mass Housing Administration (TOKI), which has used its comprehensive land-use powers to facilitate a process of state-led gentrification (Celik et al, 2015). However, the transfer of land-use powers to TOKI has hollowed out local level democratic processes and limited the role of municipalities to convincing, or enforcing, dwellers to relocate in order to make way for new developments. In South Africa, the content given to the post-apartheid constitutional right to decent housing was developed at the national level, but the onus for fulfilling this right has been progressively transferred to municipal governments (Isaacs, 2015). The delivery model settled on by central government, which involved a one-off capital subsidy for the provision of a basic housing unit or 'top structure' to low-income groups, has tended to favour sprawling and peripheral developments. Such developments have high infrastructure costs and low tax intakes which, in turn, increase the burden and reduce the proceeds of delivery. Consequently, municipalities have not only been denied a say over the shape of housing policy, but their ability to meet their housing responsibilities has been actively undermined by the content given to housing policy at a national level. The national government eventually realised these limitations and sought to rectify them by shifting policy away from mass unit production and towards the creation of so-called 'sustainable human settlements'. But this served to increase drastically the demands placed on municipal authorities which had neither the resources, the capacities nor, on occasion, the political will, to deliver them.

Across the case studies we can, therefore, see how the interplay of ideology and institutional reform has hollowed out the space for alternatives to neoliberal housing policy. First, responsibility for meeting the housing needs of marginalised populations and addressing market fall-out have been devolved to local authorities without the requisite capacities to fulfil them. This has served to erode the quality and availability of such provision, and denigrate those reliant on it. Second, while decentralisation is often presented under the guise of democratisation, the limited options and resources available to local governments have meant that decentralisation has not tended to facilitate the emergence of alternative forms of provision, and may even stifle it, reinforcing the notion that (local) state provision of housing is inferior both in principle and in practice.

The case studies indicate that neoliberal ideology has taken root in all of the water case studies with each adopting remarkably similar policies in the early 1990s including, to varying degrees, commercialisation, corporatisation, decentralisation and privatisation. These are underpinned by a neoliberal logic purporting to turn policy-making into a technocratic process removed from political influence. Hence, rather than a public decommodified service, water is increasingly reduced to the status of an 'economic good'[16] with the increasing presumption that prices need to reflect costs, and billing should relate to individualised consumption. In practice this has led to the widespread adoption of pricing methodologies based on 'cost recovery' and 'user pays', intended to lead to more efficient price signals. More specifically, water consumption has increasingly been metered so that individuals are responsible for managing their own consumption. The neoliberal package has become the only available option with policy debates increasingly narrowing around details such as "willingness to pay" and "value for money".

Commodification of water faces particular challenges in and of themselves and in relation to a neoliberal ideology of leaving things to an ideally conceived and functioning market, against which compromises have to be made in practice. As is occasionally acknowledged by those more carefully undertaking such exercises, there are unavoidable ambiguities, if not inconsistencies in seeking to calculate a 'cost recovery' price for a natural resource with network effects and extensive externalities in provision. What costs should be recovered and how should they be calculated and distributed? How to account for

[16] As reflected in the adoption of the Dublin Principles at the United Nations World Summit in Rio in 1992. According to the fourth of these principles, "Water has an economic value in all its competing uses and should be recognized as an economic good".

leakages? What about historical costs, financing costs, and the impact on the ecosystem? In practice, the case studies show that there is inevitably considerable discretion when it comes to water pricing. For example, the case studies in England and Wales [17] (E&W) and Portugal show that the way in which capital investment is reflected in charges is flexible depending on assumptions about the cost of capital, the timeframe over which costs should be recovered and the allowable returns for investors. Where prices are set in advance for a five-year period (as is the case in E&W), prices are not based on actual costs but estimates of future costs and these have often been in favour of private investors.

In practice, then, water prices are contested and subject to bias and not reducible to simply applied neoliberal principles in practice as they cannot be applied as such. Furthermore, outcomes are contextually specific and equally incapable of being interpreted as simply relying upon, or departing from, the market. In Portugal and Poland, contestation takes the form of local authorities trying to keep costs down to garner political support, while in E&W private water companies are trying to increase the prices they can charge to end users.

Decentralisation has been one of the more problematic neoliberal water policies. Water providers vary greatly in their size and technical and financial capacities which derive in large part from the areas which they serve. In practice, decentralisation leads to reduced scope for pooling of financing and capacity. This is particularly significant in South Africa where there are entrenched regional inequalities. The provinces with the higher levels of poverty are the ones with the lowest rates of water access. More generally, decentralisation has created fragmented structures in the provision of water. This was most significant in Poland where 2,479 local authorities are responsible for water provision. Elsewhere in South Africa and Portugal, there has been some consolidation in

[17] The case study focused on water in England and Wales only, rather than the UK as a whole, because the SoPs for water in Scotland and Northern Ireland are run on different lines as water has not been privatised there.

the sector with, for example, amalgamation of some of the bulk water companies in South Africa and the merging of some bulk and retail water providers in Portugal.

Contrary to the suggestions of neoliberal postures concerning the individual freedoms that derive from the withdrawal of the state, the case studies suggest that neoliberalism in practice can work against democratic processes in the provision of water. In E&W, democratic accountability has been compromised by privatisation, with companies owned by foreign conglomerates or in some cases by unknown investors. Where the utility is owned by a financial special purpose vehicle based offshore, it is sometimes impossible for an outsider to determine the identity of the ultimate shareholders. Complex ownership structures and opaque financial transactions via tax havens make it difficult to trace financial flows. Global transactions in which ownership stakes of water providers are bought and sold to owners around the world (see ***third thing***) create a geographical, financial and administrative distance between water users and corporate decision-makers which is incapable of being supportive of genuine democratic accountability.

In short, as illustrated by the case studies, if not reducible to their own specificities as much the same will be found in other areas of economic and social provision, neoliberalism is heterogeneous in the ideologies that it deploys and equally diverse in how these are applied in practice. For the promotion of the private sector in general, and of finance in particular, is at most opportunistically attached to broader goals of democracy, decentralisation and accountability, let alone efficacy and equity in the provision of basic goods such as water and housing.

III.

The third thing you need to know about neoliberalism is that it is not fully nor appropriately understood as the mirror image of, or a reaction against, Keynesianism, itself often inadequately seen as the explanation for the post-war boom.

Whilst, in practice, almost every area of economic and social reproduction has been reconfigured under neoliberalism (see ***first*** and ***second things***), neoliberal ideology (especially when it comes to the economy and the uni-dimensional promotion of, and reliance upon, the market) tends to induce a shallow opposition between neoliberalism and Keynesianism, as if the former could be reduced to the rollback of the latter in parallel with the market/state dualism. In turn, (a broad notion of) Keynesianism is often specified in terms of 'state intervention' and collectivised forms of provision, including the short-run macroeconomic manipulation of effective demand, the welfare state, nationalised industries, some measure of planning and social contracting, which might progress to socialism through incremental reform.

It may be appealing to see neoliberalism as the counterpart to this conception of Keynesianism, offering a swing in the balance between market and state provision (see ***fourth thing***). Even acknowledging that Keynesianism is associated with more or less progressive forms of state expenditure and intervention, the post-war boom was not driven by a bland and presumably incremental socialism but by economic and social restructuring with internationalisation of all forms of capital to the fore, especially that of productive capital, supported by (mainly US-dominated) finance, with a heavy role for the state in promoting such restructuring through both national and international corporate champions.[18] In turn, Keynesianism was driven to collapse because of the economic and social transformations that it engendered and supported, and the contradictions embodied in its own policies.[19] The simplistic dualism between Keynesianism and neoliberalism fails to acknowledge the broadly spread and deeply rooted transformations in the processes of economic and social reproduction that have been wrought by neoliberalism, and their

[18] See Duménil and Lévy (2004), Fine and Harris (1985) and, especially, Panitch and Gindin (2012).

[19] See Gowan (1999) and Saad-Filho (2007).

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reflection in the profound changes across each of scholarship, ideology and policy in practice.[20]

This failure to recognise the complex relationship between neoliberalism and Keynesianism has fed two additional illusions. One strand of thought, especially within Marxism, sees the emergence of neoliberalism in general and financialisation in particular as either the epiphenomenal consequence of, or the functionalist response to, the *still* unresolved crisis of the Keynesian period.[21] Such reductionism is insufficient because it simply sets aside three decades of global restructuring of production, employment, trade, finance, ideology, state and society, and overlooks the role of financialisation (see ***fifth thing***) in promoting and supporting the contemporary (neoliberal) forms of accumulation and the social reproduction that accompanies it.[22]

The antithetical illusion, associated with social democracy, is that a return to Keynesianism can restore more favourable economic and social conditions today. Even though higher taxes, controls on trade, domestic finance and capital flows, expanded social provision and the fine-tuning of aggregate demand can help to address competing short-term macroeconomic objectives and promote short-term improvements in economic performance and social welfare, these policies would have only limited bearing on the long-term performance and underlying dynamics of the global economy and, even if achievable and achieved today, would remain hostages to neoliberal imperatives. Highlighting the contradictions of neoliberalism by contrast with (the strengths and virtues of) what existed before is an important analytical task in its own right, but it will neither

[20] See Fine and Milonakis (2009 and 2011).

[21] Most recently, see Kliman and Williams (2015).

[22] The most prominent example of this sort of reasoning is the Brenner hypothesis of investment overhang involving competitiveness between nations and large national capitals discouraging new investment. See, however, Fine et al (2005) for a critique focusing on the extraordinary restructuring in the steel industry. Hypotheses of lack of movement since the 1970s can rarely provide evidence from particular sectors of the economy for which, of course, little has remained the same.

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reveal alternatives to neoliberalism nor make the limitations of Keynesianism disappear in practice.

It follows that neoliberalism and the potential for overcoming it cannot be encapsulated in conventional debates in macroeconomics, which express the rivalry between more or less sophisticated versions of monetarism and Keynesianism over whether and how to manipulate effective demand and other macroeconomic variables in order to deliver rapid and stable accumulation.[23] This bypasses almost entirely the problems of economic and social restructuring and reproduction. Even if alternative policies are appropriately identified, the means to secure them against neoliberal imperatives remains unaddressed as neoliberals themselves would suggest in terms of the imperatives of the market, globalisation and so on.

In the provision of water, neoliberal policies have brought about profound changes in social structures. In the UK the privatisation programme of the 1980s Thatcher Government specifically set out to restructure social relations by dismantling the power of trade unions, and the water case study demonstrates that this has been effective (see ***seventh thing***). In the case studies, water institutions have been restructured in ways that are underpinned by a neoliberal ethos that is difficult to reverse. Financial practices have become more sophisticated and deeply embedded so that even public companies engage in hedging and use derivatives while issuing international bonds. Public utilities are now ranked by global credit ratings agencies.

[23] It is part and parcel of the inheritance from Keynesianism and its debate with monetarism that health, education, welfare, industrial policy, finance for investment, and so on, as opposed to effective demand, are sidelined alongside the focus on the short run as if it were independent from the long run. In this respect, monetarism only completed what Keynesianism started, finishing with the failure to acknowledge financialisation, itself merely the tip of the iceberg in the neglect of the other determinants of economic policy and performance. Hence the insights from, and limitations of, Crouch's (2009) notion of privatised Keynesianism, that neoliberalism is based upon demand management through private credit rather than state expenditure.

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Furthermore, water privatisation in the context of globalisation has led to a fundamental shift in the locus of sector control. Since the early privatisations of the 1990s, new investors have entered the sector and the 2000s saw a shift in ownership structures with a process of global consolidation with new Asian investors as well as financial companies buying up water companies. For example, French firm, Veolia has sold its water investments in Portugal to an investor from Beijing. Japanese conglomerate Marubeni has bought out water companies from Portuguese construction companies AGS. Marubeni also has power generation assets in Portugal. Both of the remaining water privatisations in South Africa have now been bought by Singapore-based company, Sembcorp, that also owns an English water company! Accordingly, ownership stakes are now bought and sold around the world, and national boundaries may have little significance in the ownership of water utilities. Water is just one of a portfolio of investments for these companies, some of which own power plants, airports, hotels, supermarket chains and many other investments worldwide. The case studies show that the privatised utilities are immersed in global corporate structures that are far more complex than was imagined, possibly even desired, at the time of privatisation. Governance, that was once conceptualised on a local, certainly within a national, physical geographical basis, is now global with investments connected by finance. The neoliberal model of large numbers of small companies, competitively engaged with one another, at a local level and subject to some combination of market and decentralised, democratic accountability is a myth of massive proportions in every respect, with reality better represented by the mirror image of the myth! In short, the idea of Keynesianism failed to get to grips with the dominating role of the internationalisation of production, as represented by multi-affiliate multinational corporations. By the same token, understanding neoliberalism as a reaction against Keynesianism means overlooking the increasing subordination of national infrastructure to global provision in the context of financialisation. Such developments have profound effects. The water companies involved are usually expected to provide further investment in infrastructure, especially in light of currently imposed fiscal constraints on governments. Governments need to maintain an attractive climate for investors, not just for water but for infrastructure in general, and this affects the regulatory process.

Housing has similarly undergone major restructuring under neoliberalism, in ways that cannot be understood as the mirror image of Keynesianism. First, most of the case study countries never experienced a welfare state, and so had no Keynesian-style social housing provision to react against. This serves to emphasise the point that, although stages of capitalism define the global economy, countries are differentially integrated in to it. Second, and relatedly, to the extent that a distinctly neoliberal form of housing provision can be discerned, it cannot be reduced to a swing of the pendulum from state to market. On the one hand, all of the case study countries barring socialist Poland had extensive market structures prior to neoliberalism and, on the other, states have continued to be heavily involved in housing provision under neoliberalism. What changed is rather that there was a shift towards treating housing as an asset, which was associated with expanding homeownership and mortgage lending, and that state support for housing provision was residualised. This shift has, of course, been accompanied by a transformation of the supply and demand structures that underpin housing provision, in different ways in different countries, though never in ways that can be reduced to a simple opposition with the Keynesian era. For example, in the UK and Poland, state capacity for building has been lost and supplanted, in the former, with an increasingly concentrated private housebuilding industry and, in the latter, with emergent private firms and a widespread practice of self-build. In all of the case studies there is a section of the population whose wealth is tied up in their housing. Third, as a result of the shift towards treating housing as an asset, housing has been subject to heightened international investment in both mortgages and their derivatives, and in real estate directly, embroiling housing and housing-related debt in global financial networks.

Neoliberalism in the context of globalisation, then, has created intertwined multinational structures of corporate control over water – and other utilities – which are not easily reversed, and these social structures around water continue to evolve. Such complexities in global, national, and other levels of economic and social restructuring, whether in water or otherwise (with housing itself different in the restructuring of ownership, with the global decisive in consumer credit or mortgages and their derivatives) can hardly be captured through the notion of neoliberalism as Keynesianism's alter ego.

IV.

The fourth thing you need to know about neoliberalism is that it is not primarily about a (possibly pendular) shift in the relationship between the state (or the Polanyian social or collective) and the market.

Analytically, the market-state dualism is insufficient because neoliberalism is not defined by the withdrawal of the state from social and economic reproduction.[24] As Wacquant (2009, p.307) suggests:

> A central ideological tenet of neoliberalism is that it entails the coming of 'small government': the shrinking of the allegedly flaccid and overgrown Keynesian welfare state and its makeover into a lean and nimble workfare state … stressing self-reliance, commitment to paid work, and managerialism … [But] the neoliberal state turns out to be quite different *in actuality*.

Under neoliberalism state institutions intervene upon and through markets and other institutions in specific ways that tend to extend and/or reproduce neoliberalism itself.[25] Exactly the same is true of other systems of accumulation, not least those attached to the Keynesian, developmental or Soviet-type states that are presumed to have been more

[24] As Wade (2013, p.7) rightly puts it, '[t]he "market" is the polite way of referring to "the owners of capital", especially financial capital'.

[25] See, for example, Lemke (2001).

interventionist.[26] In all these cases, the roles of 'the state' and 'the market' (unduly undifferentiated) cannot be usefully identified through their simplistic opposition. Instead, the relevant patterns of accumulation, restructuring and social and economic reproduction can be understood only through relatively concrete and historically specific analyses. These must include the interaction, contestation and co-operation among specific institutions within, across and beyond that putative divide. Those processes are themselves heavily influenced by, but not reducible to, the underlying economic, political and ideological interests that act upon and through such institutions.

In practice, then, first, much has been achieved through state provision in the past, and this has itself become the basis for privatisation, for example, in terms of availability of productive facilities. In both the UK and Poland, a substantial share of the total housing stock is state-built, albeit now privatised, and in the UK this includes some of the better quality stock. The scope for such achievements can only have been enhanced over time through improved technological capabilities and new management techniques. Yet, these successes are rarely if ever recognised, while public provision is invariably and arbitrarily deemed to be inferior to private provision often on the basis of casual or flawed studies, that rarely even consider firm and market structure, finance, degree of monopoly and so on.[27]

Second, state intervention has been transformed rather than simply 'reduced' under neoliberalism (see ***sixth thing***). Currently, while the overall logic of state policies and interventions remains to promote economic and social reproduction and the restructuring of capital, the interests and role of finance have increasingly come to the fore either directly or indirectly. Such is evident, for example, from the policy responses to the global crisis and the continuing recession; but it is equally characteristic of the policies

[26] See Fine et al (2013) in the context of the developmental state paradigm that accepts the analytical agenda of state versus market.

[27] See Bayliss and Fine (2008).

implemented over the entire neoliberal period, as the interests of private capital in general and of finance in particular have been favoured by the state (see ***eighth thing***). This is well illustrated by both housing and water, reflecting both the diversity of developments under the post-war boom, across sectors and countries, and how they have been transformed under neoliberalism.

The deficiencies of the notion of market-state dualism are exposed by the SoP approach, which draws attention to the multiple ways in which the state intervenes in provisioning. In housing, for example, the role of the state cannot be reduced to the question of whether the state provides some housing directly or not, but also concerns how the state shapes land use, both development and house purchase finance, private production and other alternatives, and the tax, subsidy and benefit regimes that underpin consumption decisions (Robertson, 2014). Attending to these areas reveals that the character of state intervention has changed, but seldom in ways that can be readily characterised as a withdrawal let alone a retreat from intervention. For example, a distinctive feature of housing policy in the neoliberal era has been a uniform reluctance to allow land to be diverted from its highest value commercial use for other purposes, but this has commonly led, not to a laissez-faire approach to land markets, but to state intervention to proactively facilitate the allocation of land according to a commercial rationality. Turkey provides a stark illustration of this. There, comprehensive land use powers have been concentrated in the hands of TOKI, which has used authoritarian, and at times violent, measures to make potentially high-value urban land available to private developers. Even in the UK and Poland, where the idea of the retreat of the state might be thought to have gone furthest, due to both the ending of direct state provision and the privatisation of the public housing stock, the state has continued to intervene on the demand side in the form of mortgage subsidies. Admittedly, these were phased out in the UK by the end of the 1990s, except in the major, if readily overlooked, tax relief on mortgage costs of the burgeoning buy-to-let market. But demand subsidies have resurfaced following the disruption caused by the financial crisis, for example, through Help to Buy, whereby the government guarantees part of the mortgage taken out by users of the scheme.

By rejecting the idea of the state retreating from intervention, neoliberal housing policy is best characterised in terms of the restructuring of housing provision in the interests of private capital. Notwithstanding important national and regional diversities in how this has been achieved, it has tended to mean: promoting owner-occupation (the benefits of which to capital include expanding primary and secondary mortgage markets, remoulding individuals as asset-owning entrepreneurial saver-investors, and helping to ensure political passivity); the application of a commercial rationality to land use, aiding the accumulation and appropriation of rent, and making real estate a site for capital investment; a general reliance on the private sector for provision of new build and repair and maintenance; and an allowance made for a minimal though often dysfunctional safety net, in which the private sector again plays a central role in delivery (Robertson, 2015). States have intervened to support all aspects of this neoliberal housing agenda, though in wildly different ways depending on context. Mortgage subsidies and land use policies have already been mentioned, and there is also even evidence on supply-side measures where these are deemed necessary. For example, in Portugal a private building boom received crucial state support in the form of infrastructure investment, while in South Africa the spread of homeownership among the poor, black population has been pursued through supply-side subsidies (Santos et al, 2015; Isaacs, 2015). That the latter were provided with the explicit aim of equipping that population with a financial and economic asset that would allow them to enter secondary housing markets and move up the property ladder, is made no less true by having proved largely unsuccessful.

Despite the best efforts of neoliberal policy makers, the state continues to play a significant role in the provision of water. In the case studies, water is mostly provided by state institutions. Privatisation is not widespread and has even declined, for example in South Africa where just two concession contracts remain. Even with the commitment to neoliberal policies, it is the state (with financial support from the EU) that has been responsible for extension of the water supply network to increase access in Poland, Portugal and South Africa in the 1990s.

Only in E&W has water been completely taken over by private enterprise. Here, the publicly-funded infrastructure was transferred to the private sector upon privatisation, at a fraction of the asset value, and the state maintains a crucial – and demanding – role. There are a number of state agencies that are involved in different aspects of regulation including the Environment Agency and the Competition Commission. The economic regulator, Ofwat, plays a central role in setting prices as well as performance targets and monitoring firms' activities. In Portugal, the regulator ERSAR has a central role in the construction of "market" forms in the provision of water, while municipalities have been responsible for negotiating and monitoring contracts (albeit with limited capacity). While the introduction of neoliberal policies is supposedly associated with a reduction in the role of the state and greater reliance on "market" outcomes, in water the parameters of the so-called market are entirely created by the state, and subject to lobbying from private water companies.

V.

The fifth thing you need to know about neoliberalism is that it is underpinned by, although not reducible to, financialisation.[28]

Whilst seeing neoliberalism as tied to financialisation is pushing against an open door, especially in the wake of the current global crisis, financialisation itself has often been imprecisely defined and variously understood across a burgeoning literature. In much of this literature, financialisation is merely a buzzword reflecting the greater significance of finance in economic and social reproduction in recent decades, and the (closely related) growth and proliferation of financial assets. However, if financialisation is defined as the

[28] See *first thing* and Fine (2013a).

increasing presence and influence of finance, then, given its remarkable rise over the last thirty years, it is tautological to define neoliberalism as attached to financialisation. This leaves open the question of the drivers and contradictions of financialisation and neoliberalism, and how they should be addressed in terms of analytical content and their effects.

Our more specific view of financialisation focuses, instead, on the role of finance as (interest-bearing) *capital* and not just as financial or credit relations in general. It is precisely in this respect that financialisation marks a departure from the past both in the scale and in scope of financial activity in pursuit of financial returns at the expense of production. In this sense, a mortgage, for example, remains a simple (trans-historical) credit relation between borrower and lender. However, it becomes embroiled in financialisation once that mortgage obligation is sold on as part of some other asset, which becomes routinised only under neoliberalism. With such financialisation spread more generally, so grows the influence of finance over the control of resource allocation – including the flows of money, credit and foreign exchange and, correspondingly, the level and composition of output, employment, investment and trade, and the financing of the state – by money-capital embodied in an array of (more or less esoteric) financial assets.[29]

[29] Quoting at length from Ashman and Fine (2013, pp.156-57): '[F]inancialisation has involved: the phenomenal expansion of financial assets relative to real activity; … the proliferation of types of assets, from derivatives through to futures markets with a corresponding explosion of acronyms; the absolute and relative expansion of speculative as opposed to or at the expense of real investment; a shift in the balance of productive to financial imperatives within the private sector whether financial or not; increasing inequality in income arising out of weight of financial rewards; consumer-led booms based on credit; the penetration of finance into ever more areas of economic and social life such as pensions, education, health, and provision of economic and social infrastructure; the emergence of a neoliberal culture of reliance upon markets and private capital and corresponding anti-statism despite the extent to which the rewards to private finance have … derived from state finance itself. Financialisation is also associated with the continued role of the US dollar as world money despite … its deficits in trade, capital account, the fiscus, and consumer spending, and minimal rates of interest … [H]owever financialisation is defined, its consequences have been perceived to be: reductions in overall levels and efficacy of real investment as financial instruments and activities expand at its expense even if excessive investment does take place in particular sectors at particular times; … prioritising shareholder value, or financial worth, over other economic and social values; pushing of policies towards conservatism and commercialisation in all respects; extending influence of finance more broadly, both directly and indirectly, over economic *and* social policy; placing more aspects of economic and social life at the risk of volatility from financial instability and, conversely, placing the economy and social life at risk of crisis from triggers within particular markets …Whilst, then, financialisation is a single word, it is attached to a wide variety of different forms and effects of finance.'

Those assets are created, held, traded and regulated by specialist institutions that, under neoliberalism, are integrated in a distinctly US-led global financial system.[30]

The creation and circulation of these financial assets is an intrinsically speculative activity that tends to become unmoored from the constraints of production, even though this autonomy can never be complete.[31] The ensuing tensions and limitations lead to a number of outcomes that characterise financialised accumulation. These include the diffusion of a peculiar form of short-termism in economic decisions (e.g., not only through purely speculative activities but also through securitisable long-term investment, with pursuit of immediate profitability at the expense of productivity growth);[32] the imperative for generating and appropriating surplus out of finance; and the explosive growth of rewards to high-ranking capitalists and managers in every sector, especially finance itself, fuelling the concentration of income under neoliberalism. These financialised forms of accumulation are mutually reinforcing, but they can also dysfunctionally diverge (see *twelfth thing*).

The relations of mutual determination between finance and economic and social reproduction, identified above, establish the material basis of neoliberalism as a system of accumulation, described in the ***first thing***.[33] In turn, financialisation has supported the global restructuring of production, that has become known as 'globalisation', and the reconstitution of US imperialism in the wake of the collapse of the Bretton Woods System, the US defeat in the Vietnam War and the Iranian revolution.[34]

[30] Panitch and Konings (2008), Panitch and Gindin (2012) and Rude (2005).

[31] Fine (2013-14), Fine and Saad-Filho (2010, ch.12).

[32] Note that reducing wages in pursuit of profit is by no means unique to neoliberalism. But, for the latter, the pressure is that much greater in view of financial imperatives (also explaining why rewards within or linked to that sector have become so disproportionate).

[33] Albo (2008) and Saad-Filho and Johnston (2005).

[34] See, *inter alia*, Duménil and Lévy (2004), Gowan (1999) and Kotz (2015).

This understanding of financialisation has four significant implications. First, financialisation underpins neoliberalism analytically, economically, politically and ideologically, and it has been one of the main drivers of the restructuring of the global economy since the 1970s; financialisation is, then, the defining feature of accumulation today. Second, financialisation has been buttressed by institutional transformations expanding and intensifying the influence of finance over the economy, ideology, politics and the state. Third, contemporary financialisation derives both from the post-war boom and from its collapse into the stagflation of the 1970s.[35] Fourth, financialisation has been closely associated with the increasing role of speculative finance in economic and social reproduction, with water and housing offering clear examples.

One of the most striking examples of financialisation in relation to housing is the subprime market in the USA. On this market, mortgage lending to borrowers with low credit ratings – that is, subprime borrowers – was sustained, at least for a while, by lenders selling on subprime debts in order for them to be packaged up with "normal" mortgage debts and traded as residential mortgage-backed securities (RMBSs). These RMBSs served in addition to transform illiquid housing debts that were attached to particular, spatially fixed housing units, into liquid assets that could be purchased by investors all over the world. Uncertainty about the credit rating and (falling) value of these securities would eventually lead the system to unravel, triggering the series of events that culminated in the 2007-9 crisis. However, while the crisis instigated a retreat to safety among mortgage lenders, securitisation has not been abandoned as a technique for rendering illiquid assets liquid. The case study countries exhibited much lower rates of mortgage securitisation than that seen in the USA, though some was evident in most countries, and a substantial amount in the UK. More generally, the role of finance in this aspect of social reproduction has been extended across the case studies by a push towards owner-occupation, which, in most cases, is contingent upon taking out a mortgage.

[35] For a historical overview see Panitch and Gindin (2012), Rude (2005) and Saad-Filho (2007).

Another way in which housing is implicated in financialisation concerns the realisation of Harvey's augury that land would come to behave like a financial asset (Christophers, 2010). True to Harvey, a distinctive feature of the era of neoliberalism is that urban real estate has become an important site for the circulation of fictitious capital. Development companies, Real Estate Investment Trusts and wealthy individuals increasingly invest in property in pursuit of augmented ground rents, not least in the form of self-fulfilling capital gains. Even where such investment is not limited to residential property, the latter is affected by the reshaping of urban landscapes in response to the needs of capital, of which gentrification and the displacement of working class housing are key aspects.[36] In the area of housing, financialisation has therefore progressed through the creation of financial assets out of both mortgage repayments and rental streams, and through the trading of such assets on international financial markets.

For water, in the case of E&W, ownership of utilities has become heavily embroiled in global financial dealing, which is patently a diversion from the provision of domestic supplies. All water providers have some involvement with the financial sector. Investment in water – and infrastructure more generally – is largely funded by bond issues. Both public and private water companies engage in financial practices such as hedging and derivatives to mitigate the effects of changes in exchange and interest rates. However, the case studies show that privatisation lays the foundations for more financialised structures. Outside E&W, water privatisation has taken the form of a long-term concession, which has a specified duration. The two largest companies that operate in this area, French companies, Veolia Environment and Suez, have taken part in privatisations in all of the case studies. These two companies are the main private operators in the sector and were awarded the highest number of private water contracts globally between 2001 and 2010.[37] Stakes in these companies form part of investment portfolios, for example in water-

[36] See Aalbers and Christopher (2014) for the central role played by housing in economic and social reproduction, in terms of both its material weight and as a marker of more general determinants and issues across the political economy of financialisation.

[37] PPI Database 2012

related Exchange Traded Funds (ETFs) listed on the New York Stock Exchange. In this way, water has become a tradeable asset class (Bayliss 2013).

This is a relatively mild form of financialisation when compared with the experience in England. Here privatisation took a different form. Instead of long-term concession contracts, English water and sewerage companies were floated on the London Stock Exchange (LSE). Despite an initial putative intention of creating a popular class of shareowning voters, most firms have now been privately bought out and taken off the LSE. Four out of the ten water and sewerage companies were taken over in the 2000s by consortia of financial firms. These companies have used extensive financial engineering to increase distributions to shareholders in ways which are far removed from the abstraction and distribution of water. By creating complex structures involving the securitisation of future water bill payments and routing funds through offshore jurisdictions, these companies have provided substantial distributions to shareholders. Within the limits of price controls, firms have managed to increase greatly both debts and dividend payments while remaining just within the required limits for their credit ratings. This process has led to an enormous increase in financing costs which have been incorporated into consumers' water bills (note that high levels of financing costs is not judged as a source of inefficiency – see ***seventh thing***).

With its attachment to finance in this way, problems of regulating water have been compounded. The financial complexity of some of the water companies places some of their activities to a large extent beyond the control of the regulator, Ofwat. Regulation is based on a system of price controls established at privatisation, designed to mimic a competitive market (for both water and finance). Other elements of financial activity, notably dividend payments and debt, are regarded as 'market outcomes' falling outside the remit of the regulator. The only constraint on these financial aspects of corporate activity is that firms have to maintain a credit rating that is 'investment grade'. It is now clear that some companies have increased debt through complex financial engineering in order to finance distributions to shareholders.[38] In part this is achieved by loans from shareholders at high rates of interest. Furthermore, additional financial rewards are generated in the sale of ownership stakes for undisclosed amounts. Financial returns, then, result from investors' use of financial operations to work around the regulatory price controls, rather than the production of water.

Significantly, then, housing and water have been subject to financialisation in the neoliberal era even though they are in their own respects far in some sense from standardised objects for capitalist production, circulation and speculation. The parallel, and readily recognised, role of financialisation in globalisation and corporate restructuring of what might be deemed to be more standardised sectors of the economy (pursuit of stakeholder value, etc) is indicative of the defining significance of financialisation for neoliberalism. However, financialisation, like neoliberalism, is uneven in incidence and outcomes, contingent upon whether and how its imperatives are realised, or not.

VI.

The sixth thing you need to know about neoliberalism is that it does not merely involve a change in policies that, in principle, could be readily reversed.

The neoliberal 'policy reforms', implemented through Reaganism, Thatcherism and the (post-) Washington Consensus, are supported by five ontological planks.[39] First is the dichotomy between markets and the state, implying that these are rival and mutually exclusive institutions. Second is the assumption that markets are effective if not efficient while state intervention is wasteful because it distorts prices and misallocates resources in comparison with what an ideal market would have done, induces rent-seeking behaviour and fosters technological backwardness. Third, the belief that technological

[38] See PWC 2013 and E&W case study for more details
[39] Saad-Filho and Johnston (2005).

progress, the liberalisation of finance and capital movements, the systematic pursuit of 'shareholder value' and successive transitions to neoliberalism around the world have created a global economy characterised by rapid capital mobility within and between countries and (an ill-defined process of) 'globalisation'. Where they are embraced, rapid growth ensues through the prosperity of local enterprise and the attraction of foreign capital; in contrast, reluctance or 'excessive' state intervention (however it may be determined) drives capital, employment and economic growth elsewhere. Fourth, the presumption that allocative efficiency, macroeconomic stability and output growth are conditional upon low inflation, which is best secured by monetary policy at the expense of fiscal, exchange rate and industrial policy tools. Fifth, the realisation that the operation of key neoliberal macroeconomic policies, including 'liberalised' trade, financial and labour markets, inflation targeting, central bank independence, floating exchange rates and tight fiscal rules is conditional upon the provision of potentially unlimited state guarantees to the financial system, since the latter remains structurally unable to support itself despite its escalating control of social resources under neoliberalism.

But crucially, and more fundamentally, neoliberalism has not only changed the policies adopted by governments, and their accompanying ideologies, but also the conditions within which policy is conceived, formulated, implemented, monitored and responded to – and which, in turn, renders the reverse of policy and ideology heavily constrained as well as the emergence of alternatives in principle and practice.. This has been recognised clearly, if partially, in the literatures that seek to distinguish different types of capitalism.[40] For example, the Varieties of Capitalism (VoC) approach perceives differences in the institutional construction of policy and, in the case of social policy, the Welfare Regimes Approach (WRA) focuses on the balance of power and resources between capital and labour and how they are mediated through (influence upon) the state. Presumably, each of these approaches would emphasise the encroaching gains of neoliberal capitalism, although neither was originally grounded upon the changing role of finance in specifying

[40] Thus, for example, the social structures of accumulation approach has been modified to suggest that neoliberalism is a particularly dysfunctional articulation of social structures (Kotz et al, 2010).

the varieties and regimes, respectively, and their evolving fortunes.[41] Instead, these approaches are caught on the intellectual cusp between the post-war boom and neoliberalism, seeking to defend or promote what is perceived to be the best of the past (boom) against the worst of what was yet to come, itself extrapolated from the past as a less successful liberal form of post-war capitalism.

That neoliberalism is not reducible to changes in macroeconomic policy is not a novel insight, as neoliberalism has, often, been defined instead by microeconomic shifts, not least through privatisation and commercialisation as symptomatic of the presumed withdrawal of state intervention. However, such distinctions between the microeconomic and the macroeconomic cannot generally be sustained not least as, for example, the provision of economic and social infrastructure, including water and housing, straddle both, as do trade, industrial, commercial and, not least, financial policy itself. Our interpretation of neoliberalism as grounded upon finance-driven economic and social restructuring can encompass both (admittedly parodied) extremes of the micro and the macro, integrate them and develop their insights further.

As was seen under the ***third thing***, changes to housing provision under neoliberalism go beyond a mere policy shift, amounting to a restructuring of the structures, agents, processes and relations underpinning supply and demand. The state has not retreated, but its role has been transformed, leading to changes in state functioning that cannot be easily reversed. For example, where the state has been a direct provider of housing, as in the UK and Poland, its development capabilities have been hollowed out, and the state's role in housing provision in the era of neoliberalism characterised in terms of being an enabler rather than a provider of housing. This is true even in countries, such as Turkey and South Africa, where the state continues to play an active role in financing and overseeing development, because in these cases actual delivery is carried out by the private sector.

[41] See, in this light, Ashman and Fine (2013) and Fine (2014b) for critiques of VoC and WRA, respectively. Note that each approach to different types of (parts of) capitalism is grounded in methodological nationalism in which the global as such is just one factor amongst many.

An additional feature of the emergence of the enabling state is that planning processes have been reconstituted around commercialised land use, growth partnerships with business interests, and inter-regional competition, Rydin (1998). These changes to the institutional context in which housing policy is developed and implemented make reversing that policy difficult, though not impossible. The difficulty is compounded by the emergence of new groups with vested interests in current forms of provision. These include mortgage lenders, who benefit from an expanding pool of borrowers through the spread of homeownership, and large sections of homeowners themselves, who have acquired wealth through credit-inflated capital gains to housing. The scope for reversibility is further narrowed by the marginalisation of some groups in policy-making processes. Most notable for housing is an increasingly casualised labour force, and the relegation of social housing safety nets serving those excluded from the market to a residual role within a narrative of self-responsibility.

The neoliberalisation of water has led to profound yet subtle changes in attitudes which have gained traction through a discourse of 'scarcity', justified by a shift in narrative from one of abundance to one where resources are in short supply. Neoliberal water pricing is also known as 'demand management' based on the idea that consumption decisions will be based on more appropriate information if the price of water reflects its true cost. If water bills are higher, people will consume less. The financial crisis has also been used to promote neoliberal policies in water in the context of financial scarcity. This has been particularly significant in Portugal where municipalities have tried to block the imposition of cost recovery prices but resistance has been more difficult with the financial crisis and calls for austerity. A new law introduced in 2014 granted the Portuguese water regulator powers to impose cost recovery tariffs on municipalities. Neoliberalism has become associated with more than just the provision of water but is now attached more deeply to environmentalism and fiscal restraint such that a reversal could be construed as leading to environmental and financial profligacy. The micro level policies of pricing and commercialisation are enmeshed in macro and global concerns.

But the harnessing of the market to non-market objectives, such as environmental sustainability, most evident in the creation of carbon trading for example, is not merely a shift in, and deployment of ideology. It also reflects profound shifts in the neoliberal institutionalisation of policymaking in which private provision takes priority, and against which other objectives are not so much absented as residualised, and in ways that are themselves marked by diversely formed neoliberal imperatives and conditions, see ***tenth*** and ***eleventh*** things.

VII.

The seventh thing you need to know about neoliberalism is that it represents more than a shift in the balance of power, primarily against labour and in favour of capital in general and of finance in particular, undoubtedly true though this is.

Neoliberalism invariably has a significant impact on class relations and the distributional balance between them, for example, through financialisation, globalisation and neoliberal reforms. This includes the 'flexibilisation' and intensification of labour, the limitation of wage growth, the rollback of collective bargaining and the adverse changes in welfare provision, and how each of these has affected workers, women, minorities, immigrants, and so on. Neoliberalism has also affected social relations through privatisation and the appropriation of the 'commons' (i.e., areas where property rights were either absent or vested upon the state),[42] and through the financialisation of social reproduction (see ***eleventh thing***). Finally, neoliberalism has triggered macroeconomic crises that penalise the poor disproportionately (see ***twelfth thing***).[43] In these ways, neoliberalism has both

[42] Harvey (2005) calls this process 'accumulation by dispossession', an umbrella term for an extremely diverse range of phenomena that at most and only occasionally has a limited connection to primitive accumulation in the classical Marxist sense and, more often than not, are underpinned by financialisation (as, for example, in futures carbon trading, which is probably the most fetishised form of dispossession).

[43] See, for example, Duménil and Lévy (2011) and McNally (2014).

expanded the power of capital and created an income-concentrating dynamics of accumulation that can be limited, but not reversed, by marginal (Keynesian) interventions.

These shifts in the balance of power are both symbolic of the establishment of neoliberalism and fundamental to its reproduction, with the anti-labour policies and assaults of Reaganism and Thatcherism initially to the fore. These are so significant that, especially in US political economy literature, they are often taken to be the defining characteristic of neoliberalism, with financialisation as its consequence.[44] This argument follows from an analysis of neoliberalism primarily in distributional terms, suggesting that lower economic and social wages cause high inequality as well as deficient demand, to which speculative finance is a corollary through both investment by the wealthy and the expansion of credit to the poor (for consumption, mortgages, and other short-term responses to wage compression). This is, however, to reduce economic and social restructuring in general, and neoliberalism specifically, to the spheres of circulation (effective demand) and distribution (between wages and profits, and degree of social wage). Yet the neoliberal restructuring of housing provision, for example, has not only – nor even necessarily – involved the erosion of wages in the construction industry. It has also seen changes in the forms taken by employment relationships, with a shift towards, or consolidation of, subcontracting and piece work, not to mention the stratifying effects of changes in the terms under which people can access housing – the hoarding of housing wealth and diminished availability of alternatives to owner-occupation being most notable here (Robertson, 2014). In the context of specifying both the balance and the nature of power under neoliberalism, focusing on circulation and distribution is too limited, and it extrapolates unduly too narrowly in scope (mortgaging and pricing alone) from US (and, to some extent, UK) conditions without reference to levels and means of supply (which vary

[44] Thus, for the monopoly capital school, US capitalism has been chronically beset, even during the post-war boom, by deficient demand, in this case deriving from the underconsumption deriving from high monopoly prices, and correspondingly low real wages and output. For Polanyi Levitt (2013, p. 164): 'The objective of the neoliberal counter-revolution was to restore the discipline of capital over labour, and the principal means of achieving it were deregulation, liberalization, privatization and explicit attacks on trade unions'.

considerably across countries with corresponding implications for forms taken by housing crises in the wake of the global crisis).

This point can be made by reference to what might be termed the social compacting paradigm (SCP), which has been deployed to characterise economic and social 'settlements' over the post-war boom, typically in order to explain comparative national performance: for example, why did West Germany and Japan grow faster than the USA or the UK.[45] SCP suggests that formal and institutionalised negotiation between capital and labour offered fuller and stronger labour representation in policymaking, and that the social partnership agreement around wage restraint in return for expanding social wages induced higher investment and faster productivity growth than the Anglo-Saxon paradigm.

Irrespective of the extent to which differential performance across countries can be explained primarily by industrial relations,[46] however broadly conceived, the contrast with the neoliberal period is striking. The weakening power of labour has led to, and been reflected by, its systematic exclusion from policymaking. Consequently, social compacting has itself been widely dismantled and, where it has survived, it has shrivelled into a tokenistic ritual or illusory role of legitimation of neoliberal policies addressing the implications of faltering growth, rather than negotiating the distribution of gains due to productivity, output and income growth. Most importantly, financial policy and the functioning of the financial system invariably remain outside the scope of any social compacting.[47]

[45] For a critical review, see Fine (2014a).

[46] Significantly for what was to come, germane to comparative performance during the post-war boom were debates about different financial systems (typically, bank-based vs market-based) and how conducive they were for economic and social restructuring, in both generating finance for investment and interacting with the policymaking processes (Ashman and Fine, 2013; Fine and Harris, 1985; Zysman, 1983).

[47] The leading example is provided by the Irish Republic, not least in the wake of the global crisis; see Doherty (2011) and Regan (2009).

Such considerations are well-illustrated by examples in Eastern Europe and South Africa where, with the collapse of the Soviet regime and apartheid, respectively, in the early nineties, neoliberalism both arrived late and sought to make up for lost time. Necessarily, the forms taken by policymaking and the powers underpinning and exercised through the transition to neoliberalism were subject to considerable variation across countries and over time, and were hardly reducible to a shift from the state to the market (see ***fourth thing***). For example, whilst forms of tripartism flourished in post-Soviet Eastern Europe, their content was eviscerated as they were used to ease the emergence of new elites and consolidate the old in new circumstances. Consequently, in these neoliberal experiences reliance upon, or marginalisation of, tripartism has been a matter of convenience, leading to an 'illusory corporatism' that bears little relationship either to the post-war boom social corporatism in the West or to the influence of, and support for, labour characteristic of the Soviet period.[48]

A similar account can be told of South Africa, where the form taken by social corporatism is the Triple Alliance of the ANC, the South African Communist Party and COSATU, the confederation of trade unions. Yet, the ANC Government is generally recognised as having taken a neoliberal turn in the mid-1990s, not least with the adoption of the Growth, Employment and Redistribution (GEAR) policy framework. As the economy was thoroughly restructured through financialisation during the post-apartheid period, the main forum for tripartite policymaking, the National Economic Development and Labour Council (NEDLAC), became increasingly ineffective because of the non-participation of the most powerful businesses and lack of influence over major policies and issues, especially those

[48] For example, in Hungary, '[c]ommitted to introducing new fiscal discipline and to cutting real wages, the Socialist government unilaterally imposed it austerity budged and reinstituted wage controls, bypassing the IRC [Industrial Relations Code] while continuing to claim commitment to the tripartite process' (Ost 2000, p.510). In Poland, 'the main task of … [the] tripartite commission has been to secure labor's consent to its own marginalization' (p.515). In sum, 'the best that can be said is that tripartism means formal negotiations over very broad issues, with no guarantees that the agreements will become law or be respected by employers … equally likely are tripartite sessions where the government simply informs "social partners" of its intentions and seeks labor assent to *fait accompli*' (Ost 2000, p. 515).

involving finance.[49] In short, social compacting under neoliberalism, if and when it occurs, actually undermines the labour movement, and much the same is liable to be so of new social movements, in and of themselves, in the absence of strong and supportive left movements and organisations.

In the provision of water, the case studies show that neoliberalism has been associated with a weakening in the power of labour. In E&W trade unions have become fragmented with the break-up of the national water framework upon privatisation, and this was part of the government's intention (*third thing*). National bargaining processes have been replaced by separate labour negotiations for each water company even though these are represented by national trade unions (GMB and UNISON). Terms and conditions vary considerably across the country.[50] Furthermore, labour is not regarded as a stakeholder in the price setting process in the same way as investors or consumers. Remuneration of labour has lost out since privatisation. The case study shows that there has been a substantial increase in the proportion of turnover allocated to interest payments and to directors' remuneration over the past twenty years while the proportion going to salaries and water has declined in the E&W water and sewerage companies. The regulatory structure supports such a shift in allocation of income away from wage labour to directors, shareholders and financiers. Firms are required to meet efficiency targets and this typically impacts on labour with employment numbers lowered in order to increase productivity. However, since privatisation, interest payments have rocketed with some loans at interest rates as high as 18%. Such high interest payments could be regarded as a gross inefficiency but rentier payments are not judged in the same way as labour costs. Company performance is partly assessed by the operating profit or the EBITDA (earnings before interest, taxes, depreciation and amortisation), so a company with low wage costs and high interest payments is considered to be efficient. Neoliberalism results in downward pressure on wage costs while allocations to the financial sector are primarily unchecked in every sense.

[49] See Webster et al (2013).

[50] Interview with GMB union.

In E&W there has also been a growing gap between payments to directors and employee wages. Directors' remuneration is designed so that their interests are aligned with those of shareholders, with them receiving rewards of shares in the company and bonuses based on financial targets and shareholder returns. Labour unions are not considered as stakeholders in the sector; for example, trade unions were not consulted in the price setting process in 2014, unlike investors and consumers. Also in Portugal, union power has been weakened by restructuring of the water sector. Corporatisation processes have involved the proliferation of "individual labour contracts" that are not covered by collective agreements. Meanwhile the current restructuring of the bulk sector is expected to involve lay-offs, according to the trade unions.

This is, then, much more than the erstwhile public sector becoming (more like) the private sector to a greater or lesser extent in its ethos and practices (commercial criteria to the fore, widening relative remuneration, etc). It also reflects a shift in the balance of forces in the making of policy and, equally, how policy is formulated, implemented and monitored as most obviously reflected in what has come to be known as the new public management, see Hood and Dixon (2015).

VIII.

The eighth thing you need to know about neoliberalism is that it involves varied and shifting combinations of scholarship, ideology, policy and practice, with connections but not necessarily coherence across and within these elements.[51]

The tensions across the domains of scholarship, ideology, policy and practice can be illustrated at three levels. First, the meaning and significance of neoliberal scholarship,

[51] See, especially in the context of 'development', Bayliss et al (2011), Fine (2010a) and Fine and Saad-Filho (2014).

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the ensuing ideology and their policy implications have shifted across time, place and issue, and there can be inconsistencies across their component parts. These are, often, due to tensions between the rhetorical and policy worlds built by the advocates of neoliberalism, and the realities of social and economic reproduction. For example, support for homeownership has been couched in pro-market, anti-state rhetoric but, as discussed under the *fifth thing*, states have been proactive in creating mortgage markets and facilitating owner-occupation, including maintaining both through subsidies where necessary. They have also put safety nets in place to deal with the fall-out where the market fails to ensure stable social reproduction, all the while expounding the merits of market-based provision and disparaging the public sector. Another striking example is provided by the shift from privatisation to public-private partnerships, especially where large-scale state support for private provision of economic and social infrastructure is concerned.[52]

Second, even the most ardent supporter of freedom of the individual in general, and market freedom in particular, concedes that those freedoms can only be guaranteed through state provision of, and coercion for, a core set of functions and institutions, ranging over fiscal and monetary policy to law and order and property rights, through to military intervention to secure the 'market economy' when this becomes necessary. The coercive use of state power to support the market can go beyond simply maintaining the rules of the game. In Turkey, for example, the allocation of land to its commercially most valuable uses has relied on the deployment of state power to relocate existing communities forcibly. In practice, then, neoliberalism can be closely associated with authoritarianism, while its attachment to classical liberalism and political democracy is hedged and heavily conditional in practice (see ***second thing***).[53]

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[52] See Bayliss and Fine (2008), and Alexander (2014) for a critique of recent developments.

[53] See, for example, Barber (1995) and Bresnahan (2003).

Third, the tensions and inconsistencies across scholarship, ideology, policy and practice were sharply revealed by the policy responses to the current crisis, with the ideology of free markets, especially those of finance, smoothly giving way to heavy intervention on its behalf, what has been dubbed socialism for the bankers and capitalism for the rest of us, followed by a bewildered response from the discipline of economics to events that were not so much unpredicted as deemed to be either impossible or subject to policy control. Paradoxically, while unlimited resources have been made available to salvage finance, no concession has been offered at the level of ideology or scholarship, where the intolerant hegemony of mainstream economics remains virtually unscathed.

Some of the inconsistencies and contradictions between neoliberal rhetoric and policy are highlighted in the provision of water, as the case studies demonstrate. For example, the adoption of cost recovery pricing has attracted numerous – and contradictory – objectives. The pricing policy is supposed to be equitable (in the sense that payment is related to consumption costs) and to ensure that services are financially and environmentally sustainable (see ***sixth thing***). But, aside from the questionable methodological approach (see ***second thing***), this pricing structure creates prices that are regressive and are not affordable[54] for a significant proportion of the population. While presented as neutral and scientific, cost recovery techniques are potentially inequitable in two main respects. First, low-income consumers are likely to be the most costly to serve. It is far cheaper per unit to provide water to large industry than low volume consumers located far from the network in rural areas or high-density slums. Second, when it comes to water – which is consumed by the whole population – poorer households pay a larger proportion of their incomes towards infrastructure costs where these are financed from user fees. Three of the case studies Portugal, South Africa and E&W, looked in detail at the system of cost recovery pricing, and it is found that a cost recovery tariff is not affordable for a significant proportion of the population. The case studies in E&W and South Africa show that a lack of affordability has led to high household debts accruing. In Portugal, municipalities have

[54] There is no fixed definition of affordability for domestic water supply but the UN has recommended that water costs should not exceed 3% of household income.

kept tariffs below cost recovery levels, and households are paying an affordable amount for their water bills but municipalities are not collecting sufficient revenue to pay their bulk water providers, so debts are amassing at this level in the water system of provision. In all three cases the resulting debt levels look set to threaten the very financial sustainability that cost recovery is supposed to engender.

The neoliberal response to water affordability concerns in South Africa, Portugal and E&W is to provide means-tested financial support for low-income households. This creates significant administrative challenges and often fails to reach the most marginalised. If universal access is a genuine priority, a more effective approach would be to start with affordability as the core objective and to organise price structures around this. Instead social policy requires households to prove that they cannot afford the cost recovery price in order to qualify for a discounted price. The contradictions arising in the push for both cost recovery and affordability are particularly prominent in the case of South Africa where the state has financed the rolling out of infrastructure to increase access to water while, at the same time, pressure to achieve cost recovery risks disconnecting those that the government extension programme has connected. The forced installation of prepayment meters for low-income households means that some that cannot live within the free basic water amount then effectively self-disconnect.

Water privatisation also highlights neoliberal contradictions. Private water companies face the dual imperatives of meeting the demands of both shareholders and local consumers. According to the regulator in E&W, these interests are compatible – what is good for investors is good for customers. Clearly, however, these are conflicting priorities. Investors want profits and consumers want lower prices. Prices have gone up by 40% since privatisation in E&W and are subject to intense negotiations in the regulatory process. Cost recovery pricing has been promoted as a tool of "demand management" to reduce water consumption (see *sixth thing*). This raises problems when combined with privatisation if the private operator is remunerated on the basis of units sold (as was the case in E&W, Poland and Portugal). The case studies show that where private water providers suffer a loss due to reductions in consumption (i.e. successful "demand management"), this is recovered by increasing consumer prices. Thus, if users consume less water they pay a higher price in the future.

Privatisation in the case studies has sometimes been introduced in practice to get round fiscal constraints. Private finance is presented as an alternative to public funding. Yet these are not substitutes. Private finance has to be repaid either by end users or from the public purse and is considerably more expensive than government funding. Privatisation then relies on greater efficiency to justify itself but the empirical support for this is far from compelling.[55] There is an irony in that fiscal targets, established to encourage careful management of public finances, lead governments to sign up to public private partnerships that are considerably more costly than government borrowing. But private finance is politically attractive because the associated debts are "off balance-sheet". In the wake of the financial crisis, governments are facing increased pressure to cut back on spending which can increase reliance on the private sector even though this potentially exposes governments to higher liabilities.

Scholarship can be overridden when it comes to practical policy implementation as utility privatisation demonstrates further. According to neoliberal theory, privatisation increases efficiency because private shareholders, with recourse to the residual (profit) of the enterprise, have a greater incentive to ensure the monitoring of management of the organisation. In practice, however, the case study of E&W showed that some companies are partly owned by foreign governments. If privatisation theory is to be believed this would create inefficiency but there were no such concerns raised when stakes in water companies were sold to sovereign wealth funds from China and Singapore and Abu Dhabi. Similarly the state-owned South African water utility, Rand Water, has taken part in privatisations in other African countries. The ease with which the fundamentals of theory

[55] See Bayliss (2011)

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are ignored when they contradict practical policy implementation highlights the lack of coherence across neoliberal ideology, scholarship and policy in practice.

IX.

The ninth thing you need to know about neoliberalism is that it has been subject to two phases, loosely divided by the early 1990s.

The first of two phases of neoliberalism is aptly characterised as the transition or shock phase, in which the promotion of private capital proceeded in country after country without regard to the consequences. This phase requires forceful state intervention to contain labour, disorganise the left, promote the transnational integration of domestic capital and finance and put in place new institutional frameworks (see ***first*** and ***third things***).

The second (mature) phase has been, if only in part, a reaction to the dysfunctions and adverse social consequences of the first phase, not least in social welfare provision. This ('third wayist') phase focuses on the stabilisation of the social relations imposed in the earlier period, the consolidation and continued expansion of the financial sector's interventions in economic and social reproduction, state management of the new modalities of international economic integration, and the introduction of specifically neoliberal social policies both to manage the deprivations and dysfunctions created by neoliberalism and to consolidate and reconstitute social and individual agents along neoliberal lines (see ***tenth thing***).

Both phases require extensive (re-)regulation, despite the rhetorical insistence of all manner of neoliberals on the need to 'roll back' the state, interpreted, in the first phase of neoliberalism, as 'hollowing out', followed by the 'rolling out' of new and, occasionally, more explicit forms of intervention on that foundation in the second phase (see ***fourth thing***). Inevitably, these phases are more logical than chronological, as they can be sequenced, delayed, accelerated, or even overlain in specific ways depending on country, region and economic and political circumstances, such as transition in Eastern Europe and from apartheid in South Africa.

The two phases are clearly demarcated in the case of UK housing. 'Roll back' commenced in the 1980s with a comprehensive assault on local authority housing that saw swathes of the existing stock sold off and local government (councils) prevented from replacing them. The 1990s then saw efforts to manage the costs of this policy – principally a lack of affordable housing – in what can be seen as the 'roll out' phase. This involved use of the planning system to increase affordable housing supply in the form of conditionalities attached to planning permissions, attempts to introduce private finance into the management and refurbishment of the remaining social housing through PFIs (private financial initiatives), and the promotion of housing associations through stock transfer and as providers of new housing. Housing associations, in particular, are archetypal of 'third wayism', combining an acknowledgement of the need for social housing, with an ongoing aversion to direct state provision and new avenues for private finance to become embedded in social reproduction. Indeed, scope for private finance's involvement in housing associations has been extended as state subsidies have been progressively reduced, with some housing associations now issuing their own bonds as well as borrowing from banks (Robertson, 2014).

In Poland, as elsewhere in Eastern Europe, 'roll out' took the form of 'shock therapy' following the collapse of socialism. A series of reforms, intended to achieve a sudden transition from state-planned socialism to market-based capitalism were introduced, including price liberalisation, the removal of currency controls, the curtailing of subsidies, and the privatisation of public assets, housing among them. Though relatively modest in comparison with other countries in the region, these reforms plunged Poland into a deep recession and twenty percent unemployment. The programme was consequently tempered a few years in, including the establishment of Associations of Social Housing to address growing housing need (Lis 2015). However, this change in direction should be viewed as consolidation rather than retreat as the quest to conform to neoliberal reforms continued, not least under Poland's pursuit of accession to the EU.

Water sector reforms were implemented around the early 1990s in each of the case studies. In E&W the initial water privatisation led to dramatic price increases. The incoming Labour Government in 1997 introduced a windfall tax and prices came down in the 1999 price review. However, they have since crept up to the levels of the late 1990s.

Shock therapy was less pronounced elsewhere. In South Africa, neoliberalism was moderated by a policy focus aiming to reverse the inequalities of the apartheid era and so there was a roll out of public investment to increase access. Poland and Portugal have also seen increases in public investment to increase access. Prices in both of these countries have been kept low by municipal providers, so the impact of shock therapy had less of an impact on water consumers. In Portugal the effects of the shock therapy were muted by the availability of cheap funding from the EU in the 1990s. The regressive effects of the shock therapy reforms have more recently, however, been exposed with the external shock on the Portuguese economy resulting from the international crisis. The full impact of the cost recovery pricing has not yet reached consumers in Portugal as municipalities have kept their water charges low but the debts that municipal water providers owe to bulk water companies have escalated as their tariffs have become cost reflective. The Portuguese water regulator, ERSAR, was in 2014 given the power to intervene in municipal tariff setting so that these incorporate the cost recovery pricing approach. Retail water tariffs are expected to increase substantially so the full impact of shock therapy will reach end users in due course.

Inevitably, the logical sequencing of neoliberalism into two phases is not always followed chronologically by sector and place for various contingent reasons. This leads to confusion over the nature of neoliberalism, and even to the denial that it is a useful category of analysis, and only prevails as a pejorative ideological device by its putative opponents, see ***first thing***. Together with the uneven incidence and impact of financialisation, this means neoliberalism is highly variegated across economic and social reproduction as part of its nature and for a complex of other reasons.

X.

The tenth thing you need to know about neoliberalism is that it is highly variegated in its features, impact and outcomes.

Although neoliberalism has an identifiable material and ideational core (see ***first***, ***second*** and ***fifth things***), and neoliberal policies share readily recognisable features, neoliberal experiences take a wide variety of forms in different countries and over time (see ***ninth thing***). There are three reasons for this. First, despite its common core, neoliberalism can be associated with significant differences in the forms, degrees and impact of financialisation, the depth and modalities of internationalisation of production and dependence on external trade, societal changes, ideology, structures of political representation, and so on.

Second, these variegated relationships interact among themselves and with specific aspects of economic and social reproduction in historically contingent ways. Thus, for example, the more or less universal expansion of mortgage markets has interacted with the pre-existing housing systems in different ways across countries.

Third, whilst financialisation is a core aspect of neoliberalism, it remains not only uneven but also confined in its direct grasp over economic and social reproduction – not everything is financialised even where finance or even just the market is present. Thus, many public services are not commercialised, let alone financialised. As a result, even though financial institutions may not directly dictate how these services are provided, this does not mean that financialisation exerts no influence. The result is to create space for diversity in deviating not only from exclusive reliance upon financial imperatives where they do apply (such as the extent and level of user charges, for example) but also, and inevitably, where they do not.[56]

In sum, while the secular rise of financialisation and its extended reach across both economic and social reproduction is what motivates our understanding of neoliberalism as the current stage of capitalism (see *first* and *fifth things*), the impact of financialisation is variegated across industrial production and other types of enterprise, and so on.[57] Concretely, whilst financialisation feeds in part by transforming economic and social activity in ways in which the associated revenues can be packaged into corresponding assets), the extent and influence of financialisation across the various elements of economic and social reproduction is highly contingent, reinforcing the variegated nature of outcomes. In short, economic and social reproduction cannot be reduced to financialisation, but nor is the latter entirely absent of influence where it is not immediately present as such.[58]

With the increasing role of financialisation, whether directly or indirectly, there will remain dysfunctions and dissonances where the logic of the market does not prevail, most obviously with the hard to employ, house, educate, provide for in old age, raise out of poverty, provide for health, and so on. This is to raise the issue for neoliberalism of how to intervene where the market fails or is absented and which, in practice, is necessarily

[56] See Gingrich (2015) for variability in institutional forms of social provision in light of what is provided and how and corresponding implications for 'cost' of neoliberal change.

[57] Note that beyond the pursuit of the eponymous stakeholder value, analysis of the relationship between financialisation and the restructuring of productive capital remains seriously underdeveloped, partly because it is limited to macroeconomic generalisations in terms of lower levels of investment in deference to financial dealing. For a telling illustration in the context of financialisation of global production networks, see Coe et al (2014).

[58] See, for example, Graeber (2014) on the neoliberalisation of the university.

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contingent upon how markets and the non-market are formed and contested. Such issues are obvious in case of social policy but by no means confined to it where for example, neoliberal ideology of (un)deserving poor dovetails with interventionist support for those in or into work. Precisely because dysfunctions in the hard to serve through the market are multi-dimensional and uneven in their incidence, individual anomalies are liable to be created across them either in the form of 'undue' benefits (to be cut) or 'undue' harshness (to be alleviated). In the context of chronic increases in inequality and the acute impact of crisis and recession,[59] there are inevitable pressures both to reduce individual and overall benefits and to protect the most vulnerable, even if this contest can be highly uneven. How these and other tensions within neoliberalism are resolved is not pre-determined.

Somewhat different considerations apply where the forms taken by neoliberal economic and social reproduction are of more direct interest to the various fractions of capital than moderating social conflict and dysfunction in general. The state has long intervened to represent the interests of particular capitals, against the interests of others and, in some respects, for capital as a whole against the potentially destructive impact of competition between capitals. This remains the case under neoliberalism and implies that the state does not privatise everything, does not rely exclusively on private finance, and can even exclude such in order to pursue other interests and dynamics not least those of productive capital (on which financialisation in other spheres may heavily depend). Nonetheless, such interventions tend to be marked by the neoliberal condition, especially where private and/or international finance is involved, whether directly or indirectly, or even where it is absent because, for example, of continuing state provision (itself to be contingently explained and related to the broader role of finance, not least in funding the state and influencing its policies). As will be seen below, such an abstract discussion is readily brought down to earth by reference to South African water, not least in how it relates to internationally, financialised productive capital, the dynamics of economic and social reproduction and the evolving policies of the state.

[59] For the capacity of the top 10% of the income distribution to grow at the expense of the bottom 40%, see Palma (2009) on the 'neoliberal art of democracy'.

Whilst the current grip of neoliberalism raises doubts about what might have previously been taken for granted of the strength and viability of social resistance against the commodification of 'sacred' types of provision (including public goods and the environment), our perspective is distinctive in two respects. On the one hand, there is a social content to all objects of provision, including commodities, and each is open to particular types of reaction against market forms as is evident, for example, in the differences between housing, water, transport and health, and the wide variety of the targets of charity, from food banks to woodlands to opera. On the other hand, the dualism between neoliberal (re-)commodification and decommodification under, despite or against neoliberalism, is too crude. In other words, simply focusing on market forms is insufficient because these are far from homogeneous,[60] as they can reflect everything from production for profit to user charges with (more or less targeted) subsidies. It also obliterates the ways in which commodities serve provision along the chains of activities that attach production to the market. For these reasons, we have found the SoP approach to be particularly useful in delineating the variegated nature of neoliberalism in general, and for housing and water in particular.

The capacity of the SoP approach to depict accurately the variegation of neoliberalism derives from two of its key features. First, by taking as its units of analysis the entire chain of activities underpinning the provision of a good, the approach is able to illuminate the way in which neoliberalism manifests differently across these activities, whilst they are also integrated with one another. The construction industry will be affected differently by financialisation than will housing consumption, for example. Yet this is missed by focusing on the commodity or market forms alone. Second, while emphatically not eschewing theory, the chain of activities that constitute a SoP are investigated at a concrete level with a high level of empirical content. The boundaries of a SoP are in turn determined inductively, based on the reach of the relations that form it, and usually falling at a

[60] See Fine (2013)

national or even regional level (with the exception of fully globalised production networks). These levels of analysis ensure that SoPs are highly situated and specific, capturing the historically-developed social, economic, and political context within which each SoP operates (Bayliss et al, 2013). Such traits enable the approach to capture the role of context and historical contingency in generating variegated forms of neoliberalism.

To take the example of housing and financialisation, the growth of mortgage markets has been a defining feature of neoliberal housing provision. But mortgage markets differ markedly in what caused their growth and the extent to which they have been subject to processes of financialisation, not to mention in structure, size, and the levels and forms of state support. While mortgage market growth in general has been underpinned by increased international capital flows, it has also reflected different circumstances in different countries. Two crucial factors in the growth of the mortgage market in the UK were the ending of segmentation in lending markets and the decimation of social housing. The former allowed banks to enter mortgage markets that had previously been the preserve of mutuals known as building societies, increasing competition there (Robertson, 2014), and boosting the supply of, and demand for, mortgages. In Portugal, accession to the euro played a key role in expanding mortgage markets, by improving lending rates, while in Poland foreign currency loans provided a significant boost to lending (Santos et al, 2015; Lis, 2015). In Turkey the state is a large mortgage lender, but in South Africa a major section of the population continues to be excluded from mortgage markets (Celik et al, 2015; Isaacs, 2015). In terms of financialisation, the US subprime market, which relied heavily on securitisation, is the consummate example of a financialised mortgage market. But it is the exception rather than the rule, as securitisation rates were much lower in the rest of the world, reflecting smaller market size and the later development of the legal and institutional frameworks necessary for securitisation to occur. The general trend of mortgage market growth across the case studies, therefore, conceals significant variegation in both its form and extent.

Different countries also differ markedly in the impact the growth of mortgage credit had on the rest of the housing SoP (Robertson, 2015). One crucial aspect concerns the way in which mortgage credit fed through into housing production. In both Portugal and Turkey, a boom in mortgage lending was accompanied by a construction boom, whereas in the UK credit has tended to feed far more into house prices. Again, the difference arises from the different institutional contexts that have developed historically in each country. One example is the arrangements for governing land use planning. Whereas Portugal and Turkey both had planning systems that encouraged large-scale development, the planning system in the UK is more restrictive. Or, to put it more starkly, while in Turkey state power was mobilised to clear low-income groups from central urban land in order to make way for large-scale luxury developments, in the UK state power has been enthralled to a NIMBYism (Not In My Back Yard) that has stifled development. This led, in combination with the speculative character of housebuilders in the UK, to a secular under-supply of housing and above-inflation house price increases. Another example concerns development finance. In Portugal and Turkey, increased international capital flows and favourable interest rates boosted lending both on mortgage markets and to housebuilders, whereas in the UK the availability of credit for mortgages and for housebuilders were asymmetrical, skewed to the former.

It was said above that attempts to manage the dysfunctionalities created by neoliberalism are a significant source of variegation, reflecting differences in how those dysfunctionalities manifest and in how they are contested. In both Turkey and South Africa, managing the hard-to-house has been incorporated into the promotion of owner-occupation. The Turkish state both lends and builds for low-income house purchase, while in South Africa the state has subsidised an extensive building programme for low-income homeownership. In the UK, Portugal and Poland, by contrast, support for the market-excluded has taken the form of the direct or indirect provision of social housing for rent, contributing to the maintenance of a parallel housing subsector. These social housing systems are governed by a logic that is distinct from both the owner-occupied and private rented sectors, but this is not to say it is 'decommodified', as private capital is implicated in both the financing and building of such housing.

There are also some aspects of the neoliberalisation of water that are shared across the case study countries (and many parts of the world). For example, water has been commodified (to differing degrees – see *Financialisation Thematic Paper)* and governments (sometimes at the behest of the IFIs) have stated a commitment to charging cost recovery pricing and implementing the "user pays" approach to pricing (see ***second thing***). But, as stated above, there is scope for arbitrary, that is contested, decision-making in the application of this in practice.

While neoliberal policies project a homogenising force, they are implemented in diverse historical, institutional, political, geographical and socio-economic contexts, and this affects outcomes. The water case studies demonstrate the variegation of neoliberal approaches and impacts both within and between countries. Taking privatisation, E&W is an outlier with water privatised by listing companies on the stock exchange. Meanwhile, in South Africa, Poland, Portugal and Turkey, privatisation is less widespread and has taken the form of long-term concession contracts. Privatisation is strongly associated with cream-skimming and has tended to be implemented in locations that offer the most lucrative opportunities for investors.[61] Neoliberalism, then, creates an uneven structure where some water providers have been hived off into global corporate investment portfolios (see ***third thing***), while others remain part of local economic and municipal structures. Within the same country, depending on where a consumer pays their water bill, the corresponding funds might be uplifted to pay dividends to shareholders in another country or they could remain within the local municipality. Privatisation is diverse in the forms and outcomes taken attached to the system of provision.

[61] In Portugal, for example, although only 29 utilities have been privatised out of 380 managing entities, they are located in the coastal region and account for over 13% of the population, mostly serving densely populated areas which are easiest and cheaper to provide for than rural areas. In South Africa, only two long-term privatisation concessions remain.

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The way in which privatisation was conducted in E&W has created a more deeply financialised structure than elsewhere. The case study demonstrates that financial investors have been significant beneficiaries of neoliberal policies (see *fifth thing*). In South Africa, by contrast, while the sector is run on strongly neoliberal lines, there has been relatively little privatisation and financialisation. Water production is horizontally segregated along three tiers across the country. Water in its initial stage of abstraction is known as 'raw water'. This can be bought directly by big industry and mining companies or by one of the country's twelve bulk water providers. The latter then sell water to municipalities who sell it to end users. At each stage there is a mark-up on price. The resulting structure then means that households pay a higher price than large industry that can use water at an earlier stage of the distribution system. Furthermore, the country is water-stressed and large industry and mining firms are able to pay a premium to assure their water supplies. The water sector is, then, best understood in terms of separate consumer groups. The result is that economically and politically powerful users potentially have a cheaper and more secure water supply than (poorer) households.

Infrastructure investment in South Africa is either financed through the government or via 'off-budget' financing, arranged through the state-owned enterprise, TCTA. Off-budget infrastructure finance is only available for consumers of 'raw water', including industrial consumers as well as the bulk Water Boards that are considered to be 'economically viable. This will include the Water Boards serving wealthy areas such as Rand Water which provides for the main economic region of the country, Gauteng Province. Other Water Boards providing water to less prosperous regions, for example in the north west of the country, rely on government funding. Infrastructure is financed this way, rather than through taxation, to apply the neoliberal logic as far as possible of 'user pays'. This leads to the hiving off of provision for the most wealthy industries and regions, which finance and use their own infrastructure separately from the less economically viable users, who rely on the state for service provision. Effectively, then, the logic of 'user pays' means that the wealthy do not have to engage with government financing but are encouraged to contribute to separate private financial structures. The state is left with the hardest to serve, and the scope for pooling and cross subsidy across regions and user types is diminished.

These examples indicate that the logic of neoliberalism is not neutral but is open to manipulation to serve the politically and economically powerful segments of the economy. This occurs in different ways depending on the context. In E&W, it takes the form of financialisation which has been far more significant than in other cases, and shareholders have made substantial returns. In South Africa, more significant has been a kind of cream-skimming where the 'economically viable', including mining and industry, are prioritised when it comes to the provision of water.

XI.

The eleventh thing you need to know about neoliberalism is that its economic and social reproduction is attached to particular material cultures that give rise to what might be termed the (variegated) neoliberalisation of everyday life.

It was consistently shown by ***the previous things*** that neoliberalism has redefined the relationship between the economy, the state, society and individuals. It has constrained the latter to give their lives an entrepreneurial form, subordinated social intercourse to economic criteria, and neutered the previous structures and institutions of political representation. The ideology of self-responsibility has been especially significant since it deprives the citizens of their collective capacities, agency and culture, values consumption above all else, places the merit of success and the burden of failure on isolated individuals, and suggests that the resolution of every social problems requires the further individualisation and marketisation of social provision and intercourse.[62]

The scholarly literature has pinpointed these features of neoliberalism in different ways, for example, through the idea that finance 'exploits us all'.[63] This notion draws upon, first, the intuition that low and stagnant wages, high unemployment, privatisation of basic services and the introduction of user charges have undermined the ability of many to sustain customary or desired living standards in the absence of credit, so that exploitative indebtedness results by way of (strictly temporary) remedy. Second, it is seemingly validated by the proliferation of financial relationships and institutions into daily life under neoliberalism. Such a perspective contains an element of truth in that financialisation has been associated with increasing inequalities of access and with volatility and insecurity in the provision of many aspects of economic and social life, with the potential for deprivation to be mutually compounding and multi-dimensional. But the nature and incidence of such deprivations are far from uniform across different social strata, age groups and areas of provision, and it is doubtful that the financialisation of everyday life is primarily characterised by exploitative indebtedness.

A broader approach suggests that the financialisation of daily life is better understood in terms of the subjection (which may or may not include relations of exploitation) of households to financial markets and processes. For example, for Bryan and Rafferty (2014, p.404):

[H]ouseholds have become a frontier of capital accumulation, not just as producers and consumers, but also as financial traders … The requirements of this emergent financial citizenship for the house and households extend beyond just honouring payments on a

[62] Although, ever inconsistent, neo-liberalism is equally associated with non-market and collective forms and ethos where it is in some sense 'traditional', ordered and authoritarian, etc.

[63] See especially Lapavitsas (2013) and Fine (2010c and 2013-14) for wide-ranging critique with alternatives.

home purchase, it is requiring a culture of financial calculation that becomes absorbed as part of the daily norms and dispositions of social being.

However, this framing immediately begs the question of which activities attached to the household are subject to a culture of (financial) calculation, why and how, and whether (in the absence of profit as the bottom line) they cohere into an integral system including both calculation and stable trade-offs. In turn, the corresponding social norms of financial behaviour are highly contingent upon the extent to which financialised forms of provision are prevalent, and what are the norms for provision of what is not financialised.[64] Inevitably, then, across commodity consumption, housing, education, health, transport and so on, the impact of financialisation will be highly uneven and differentiated and far from reducible to, or even primarily influenced by, an increasing presence of financial calculation.

A more promising approach can be rooted in the work of Foucault in seeing the neoliberalisation of everyday life – including the financialisation of social intercourse – as the subjective, if resisted and reflexive, internalisation of specifically neoliberal norms and dispositions.[65] For Dardot and Laval (2013, p.8):

Neoliberalism is not merely destructive of rules, institutions and rights. It is also *productive* of certain kinds of social relations, certain ways of living, certain subjectivities ... This norm enjoins everyone to live in a world of generalized competition; it calls upon wage-earning classes and populations to engage in economic struggle against one another; it aligns social relations with the model of the market; it promotes the justification of ever greater inequalities; it even transforms the individual, now called on to conceive and conduct him- or herself as an enterprise. For more than a third of a century,

[64] Such financialisation of everyday life directly leads to the notion that the over-indebted are in need of financial literacy programmes as a result of being irrational (see Santos, 2014 for a critique).

[65] See, for example, Langley (2008) and Kear (2013).

this existential norm has presided over public policy, governed global economic relations, transformed society, and reshaped subjectivity. The circumstances of its triumph have often been described – in its political aspect (the conquest of power by neoliberal forces), its economic aspect (the expansion of globalized financial capitalism), its social aspect (the individualization of social relations to the detriment of collective solidarities, the extreme polarization between rich and poor), and its subjective aspect.

Even though this is more than an agenda of what needs to be discovered than discovery itself it suggests, once again, that the content of, and pathways to, neoliberalisation and the responses to it are highly diverse. For this reason, we address the variegated material cultures of neoliberalism through the SoP approach and the 10Cs associated with it: these material cultures are Constructed, Construed, Conforming, Commodified, Contextual, Contradictory, Closed, Contested, Collective, and Chaotic.[66]

Housing is heavily implicated in neoliberalism's reshaping of individual subjectivities (Gurney, 1999; Payne, 2012; Van Gent, 2010). This is because homeownership – neoliberalism's favoured form of housing tenure – by providing individuals with an asset, is perceived to play a crucial role in reconstituting individuals as entrepreneurial, self-reliant saver-investors. Payne (2012) elaborates this in relation to the UK, situating the promotion of homeownership within a broader project of welfare restructuring which has sought to shift welfare provision from a social-collective to a market-individualist model and ethos. The problem with Payne's analysis, as with the association between homeownership and individualistic and entrepreneurial behaviour, is that both focus on the goals and rationale of neoliberal housing and welfare policy rather than the extent to which it has been successful. In practice, the extent to which neoliberalism has reconstituted social norms in relation to housing is constrained by a number of factors. First, while owner-occupation has grown in recent decades, in most countries there remains a substantial portion of the population that have no housing assets and are relatively insulated from this kind of

[66] See Fine (2013b), and Fine (2013a) for the 10Cs approach applied to financialisation itself.

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neoliberal socialisation. Second, among those who do own a home, treating that home as an asset implies a mentality of rational, financial calculation, which exists in tension with the value people attach to their housing as home. As Fine puts it:[67]

'the role of mortgage finance is telling, not least with an appreciating asset serving both as a form of saving and as access to credit for consumption (or even other purposes) whilst also, of course, being a home not a house except for those who suspend the distinction' (Fine 2013a: 17).

This clash of meanings is evident even in countries such as the UK and Portugal, where an asset-based approach to housing has to some extent taken root, as reflected in increases in the hoarding of housing wealth. It is even more pronounced in countries in which mortgage markets and owner-occupation are less functional and established. In South Africa, for example, the majority of poor black homeowners report that, far from using their house as a basis from which to move up the housing ladder and accumulate wealth, they would never sell their house because they had an emotional attachment to it as a home (Isaacs, 2015). Despite attempts to encourage households to treat housing as an economic and financial asset, then, the poor black population continues to regard housing more as physical shelter and emotional asset than it does a financial one.

The example of housing serves to illustrate that social norms under neoliberalism emerge not simply from the imperatives of financial calculation, but from the interaction of those imperatives with the pre-existing social meanings and norms attached to particular items of consumption. As noted above, this interaction can be characterised in terms of the 10Cs, or some of them. Thus, the cultures that shape the consumption of housing under neoliberalism are *contradictory* and *chaotic*, reflecting the multiple meanings attached to housing. These meanings are in turn *constructed* by political and economic agents in

[67] See also Christophers (2010).

particular *contexts* and *construed* by reflexive consumers in ways that often involves *contestation* over both meanings and outcomes.

Attitudes to water vary across location and over time. To some degree this will relate to availability. In water-stressed regions, attitudes will be different from those in an area which is prone to flooding. But it is not just geological issues that shape attitudes. Water cultures are affected by the ways in which water is provided. Neoliberal policies have specifically aimed to effect a change in cultures with the portrayal of water as an 'economic good' rather than as a public service. With water perceived as scarce, consumption is rationed by price. Universal metering is associated with self-responsibility to manage consumption and payments. To some extent, the conception of water as an economic good appears to run counter to the recent adoption of water as a human right,[68] where it was acknowledged that clean drinking water and sanitation are essential to the realisation of all human rights. The details of the UN resolution are explicitly that everyone has the right to a "sufficient" level of water for basic consumption. This has been set at 50-100 l/c/d (enough to meet basic needs according to WHO) and it needs to be "affordable" (not exceeding three per cent of household income).[69] Water, therefore, as a human right, is clearly not like other economic goods. Yet the rights-based approach is not, in principle, incompatible with neoliberal policies. Indeed, it might even be seen to promote them insofar as rights are delivered through private, financialised provision, underpinned by subsidy.[70]

While the right-to-water rules out a pricing structure that makes water unaffordable, the approach comes down to meeting basic needs and does not prevent unequal structures of provision that are exacerbated under neoliberalism. In recent decades, the water case

[68] In 2010 the United Nations General Assembly explicitly recognised the human right to water and sanitation (UN Resolution 64/292).

[69] http://www.un.org/waterforlifedecade/human_right_to_water.shtml

[70] Here, there is a parallel with the principle of universal access to health care, with a major issue being not whether but how!

studies show that there has been a shift in the understanding of equity. Neoliberalism in provision is associated with a notion of fairness by which everyone should pay for what they consume. But everyone needs to have water, and cutting consumption is not an option for many low-income households. In neoliberal terms, equity relates not to fairness in the distribution of resources but merely to ensuring that the most disadvantaged have access to the bare minimum for survival. In the case studies where social policy was assessed (E&W, Portugal and South Africa), efforts to support low-income households were far from adequate, based on complex means testing and providing a very small (often insufficient) amount of social funding (or a modicum of free water in South Africa) for deprived households. In neoliberal terms, this is how equity is addressed. Yet, nowhere is there any mention of the impact of policies on the wealthiest consumers (and this can include the industrial). Equitable provision needs to be mindful of the impact across the realm of consumer types. The neoliberal understanding of equity is limited to easing the more severe aspects of policy on the social reproduction of the residualised and impoverished.

XII.

The twelfth thing you need to know about neoliberalism is that it is associated with specific modalities of economic growth, volatility and crisis.[71]

The neoliberal restructuring of economic reproduction introduces mutually reinforcing policies that: dismantle the systems of provision established previously (which are defined, often *ex post*, as being 'inefficient'); reduce the degree of coordination of economic activity; create socially undesirable employment patterns; feed the concentration of income and wealth; preclude the use of industrial policy instruments for the implementation of socially determined priorities; and make the balance of payments structurally dependent on international flows of capital. In doing this, and despite ideological claims to the contrary, neoliberalism fuels unsustainable patterns of production, employment, distribution,

[71] As Fiorentini (2015, p.128) puts it, 'The dominance of neoliberal policies in the last three decades has produced worldwide greater inequalities, financial instability and crisis.'

consumption, state finance and global integration, and it increases economic uncertainty, volatility and vulnerability to (financial) crisis.

In particular, financial sector control of economic resources and the main sources of capital allows it to drain capital from production; at the same time, neoliberalism systematically, if unevenly, favours large capital at the expense of small capital and the workers, belying its claims to foster competition and 'level the playing field'. As a result, accumulation in neoliberal economies tends to take the form of bubbles which eventually collapse with destructive implications and requiring expensive state-sponsored bailouts. These cycles include the international debt crisis of the early 1980s, the US savings and loan crisis of the 1980s, the stock market crashes of the 1980s and 1990s, the Japanese crisis dragging on since the late 1980s, the crises in several middle-income countries at the end of the twentieth century, and the dotcom, financial and housing bubbles of the 2000s, culminating with the global meltdown starting in 2007.

In turn, neoliberal policies are justified ideologically through the imperatives of 'business confidence' and 'competitiveness'. This is misleading, because confidence is elusive, materially ungrounded, self-referential and volatile, and it systematically leads to the over-estimation of the levels and effectiveness of investments that will ensue from the pursuit of finance-friendly policies. Moreover, those policies are not self-correcting. Instead of leading to a change of course, failure to achieve their stated aims normally leads to the deepening and extension of the 'reforms' with the excuse of ensuring implementation and the promise of imminent success the next time around.[72]

We can see how neoliberalism's dynamics of bubble, crisis and retrenchment have played out in relation to housing and its role in the 2007-9 financial crisis. The crisis was preceded by a widespread, mutually reinforcing cycle between mortgage lending and

[72] This is evident in the 'evaluatory trap' associated with privatisation (Bayliss and Fine, 2008) and in the hype surrounding private sector funding of the public sector.

house prices, in which mortgage lending fed speculative rents, and these were in turn used to justify further mortgage lending. It was the subprime market that was to burst the resulting house price bubble. As subprime borrowers began to default on their mortgage loans in early 2007, panic spread through the financial system as the opaque character of the risks and returns carried by RMBSs became evident. While it was only the USA and, to a lesser extent, the UK that had subprime sectors, banks had purchased subprime securities on a global scale. Doubts about the credit rating of those securities therefore had knock-on effects on mortgage lending all over the world, leading to a global house price crash. However, despite the catastrophic consequences of the resulting economic crisis, the widespread policy response has been to promise new regulation to tame the most controversial financial excesses – themselves treated as an aberration – while seeking to return the financial sector to normal functioning as quickly as possible. In the UK, the state has even attempted to override a retreat to safety by mortgage lenders, by guaranteeing a portion of mortgage loans and thus returning loan-to-value ratios to pre-crisis levels – levels now seen as too risky by mortgage lenders themselves.

Unsurprisingly, then, however we interpret the differences between the post-war boom (including Keynesianism, developmentalism, Soviet regimes and their variants) and the neoliberal period, economic performance for the latter in terms of growth and volatility has been generally worse and, ultimately, led to a global crisis driven by finance and financialisation, despite unambiguously and unprecedentedly favourable conditions for capitalism worldwide (see *first thing*).

XIII.

The thirteenth thing you need to know about neoliberalism is that there are alternatives, both within and beyond neoliberalism itself.

To conclude, it was shown in the ***sixth thing*** that neoliberalism cannot be reduced to a collection of policies, which would suggest that alternative policy initiatives could reverse the neoliberal reforms and even transcend neoliberalism. Policy changes are certainly essential, but the scope for such changes can be questioned in the light of the political means and forms available to the opposition, the strength of the coalitions potentially committed to them, and the scope to drive the required distributional, regulatory and policy reforms given the neoliberal transformation of production, international integration, the state, ideology and society itself. None of these can be adequately assessed without a prior understanding of the systemic features of neoliberalism and the transformations that it has wrought on class relations and institutions and the processes of economic and social reproduction.

It was also shown in the ***seventh thing*** that neoliberalism is not a 'capitalist conspiracy' against the workers, in which case there would be nothing systemic or historically-specific about it, since capitalists and the state have always readily conspired against the workers.[73] Conversely, in this case, neoliberalism could be dislocated through a counter-conspiracy, or even by changes in the law. Alternatively, this approach can also be read as implying that 'things were much better' under previous systems of accumulation (Keynesian, developmentalist, and so on), which, in principle, should be restored.

The latter goals are laudable but implausible. For, while neoliberalism is incompatible with economic democracy, it simultaneously hollows out political democracy.[74] On the one hand, the discourse and practice of TINA (*There Is No Alternative*), often now muted and implicit, under neoliberalism blocks the political expression of dissent even in moderate forms and feeds apathy, populism and the far right, courting destabilising implications for neoliberalism itself. On the other hand, the institutional shifts, the changes in the

[73] In Adam Smith's (2009) famous words, 'People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices'.

[74] Ayers and Saad-Filho (2014).

structures of political representation, and the social and economic transformations wrought by neoliberalism systematically reduce the scope for the expression of collective interests, the emergence of transformative programmes, and even the aspiration to change society beyond neoliberalism. The options for water policy have severely narrowed in the past three decades with IFIs promoting neoliberalism. For example, EU member states were given until 2010 to establish water-pricing policies according to the terms of the EU 2000 Water Framework Directive (WFD) including adopting the principles of cost recovery. Governments are prevented from using any other approach to pricing. Similarly for housing, responsibility for delivery tends to lie with local government units, whose hands are tied by central governments both directly, through restrictions on the policy options available, and indirectly, through the imposition of excessive burdens of delivery without the requisite resources.

In short, the post-war consensus inspired a political contest over whether collectivism in the forms of (Keynesian) reformism or socialist revolution would be capable of continuing to deliver progressive outcomes. Neither now is on the agenda, not least as the dominant form taken by collective economic and social reproduction has been appropriated by finance. Nevertheless, the economic contradictions of neoliberalism, the incremental sclerosis of the political institutions regulating its metabolism and the cumulative corrosion of its ideological foundations make this system of accumulation resistant to economic change, but also vulnerable to a multiplicity of political challenges. The costs of neoliberal housing provision, for example, are in some places giving rise to political mobilisations against neoliberal policy strictures. Hence, community resistance to gentrification and relocation was observed in Turkey, South Africa and the UK and, in some instances, local struggles have been linked to broader demands for more inclusive and collective forms of housing provision. However, these movements have yet to develop beyond defensive struggles into a more comprehensive challenge to neoliberalism.

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This does not imply that electoral strategies are sufficient, nor that changes in social, industrial, financial or monetary policies can fulfil radical expectations. Quite the contrary: neoliberalism has repeatedly demonstrated its resilience both in practice and in the realm of ideas. But the demand for the expansion and radicalisation of political and economic democracy can integrate widely different struggles, delegitimise neoliberalism and support the emergence of alternatives. These are now urgently needed.

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