



LES NOTES DU CÉRIUM

22 juin 2020

Framing the Covid-19 crisis : Managing risk in neoliberal times

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This piece situates the individual and collective responses to the Covid-19 crisis within a specific historical, political and economic horizon. It seeks to illustrate the limits of individual risk management under neoliberalism, which have been made more glaring in the current context, and to lay the groundwork for a different vision of it.

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After the 2007-2008 financial crisis, many commentators like Joseph Stiglitz declared neoliberalism dead. Decades of financial deregulation, increased reliance on consumer credit, lower taxes for the rich and race-to-the-bottom globalization have made for a volatile and crisis-prone economic system. Insurrectional movements from both left and right have gained ground on the back of a critique of neoliberalism and the state was indeed brought in to save major financial institutions from the brink. However, there are several reasons to doubt its demise.

First of all, the basic model of wealth creation and distribution espoused by political, economic and financial elites has yet to be seriously questioned. Although elites gathered at recent editions of the World Economic Forum in Davos have repeatedly recognized that problems such as inequality put a serious toll on the well-being of the world population, they stop short of advocating progressive taxation, higher wages or increased public investment and foreign aid. In the context of the pandemic, well-known publications like *Foreign Affairs* and the *Economist* have steadfastly warned against protectionism, deglobalization and excessive state regulation. Although it is too early to say whether the Covid-19 crisis will lead to a radical reconsideration of dominant socioeconomic models, there will undoubtedly be resistance to systemic change.

Second, the notion that neoliberals want to dispense with the state is a common misconception. Although many of the proponents of neoliberal and ordoliberal thought like Hayek, Buchanan, Friedman and Röpke argued for a strict delimitation of the state's purview, they considered it as a central protagonist in creating and maintaining a competitive market order (Biebricher, 2019; Foucault 2010). Of course, they were all vehemently opposed (this is particularly true for US neoliberals) to a particular iteration of the state. Early critics of the welfare state such as Hayek (1994) famously warned that it would lead to a slide into authoritarian technocracy, which would prevent the most creative and talented individuals from contributing to social advancement. Overly generous welfare provisions and high taxes on the rich would be tantamount to celebrating mediocrity and desecrating freedom. These ideas came to have more appeal when stagflation and the unfolding debt crisis in the developing world hit the global economy in the 1970s. As a result, many countries, Great Britain and the United States foremost

among them, translated the general fatigue with the welfare state into an economic and political program that involved, among other things, harsh monetary policies, a willingness to slash spending on public programs and stigmatize welfare recipients, privatizing entire sectors of the economy, deregulating finance and accelerating delocalization. Such measures were taken up to varying degrees throughout the world and gave way to hybrid policy regimes (Peck, 2010). In all, the state was actively involved in facilitating and managing these policies and processes (Harvey, 2004). To this day, the state continues to act as a safeguard when markets and financial institutions fail, most notably by calling upon Keynesian fixes and deficits (Duménil and Lévy, 2013). Accordingly, there are reasons to believe that the fallout from the pandemic will be dealt with in much the same way as previous crises.

Third, neoliberalism is not just an economic philosophy or a series of policy prescriptions, it is associated to a range of behavioral standards that are passed down, willingly or not, in public policy provisions like workfare (Peck, 2010) or reality tv contests. The culture of performance, competition, leadership and self-reliance that is still pervasive today urges us to be self-regulating citizens (Foucault, 2010; Rose, 1999; Cruikshank 1999; Brown, 2015; Laval and Dardot, 2017), in a context where the state has allocated less resources to collective regulation and reframed its role as a distant facilitator. The corollary to this cultural, political and economic shift is that collective forms of risk management typical of the welfare state have given way to individualized risk-management. Whilst paradoxically wanting to thwart mass democracy (Biebricher, 2019; Kiely, 2018), neoliberals consider that individuals are sufficiently rational and cognizant of their own needs and apprehensions to be able to calculate risk by themselves. If each individual self-regulates in this way, we can hope to attain a self-regulating society with clear markers of success and failure. "Successful individuals" who have made optimal use of their capabilities are also best placed to choose and purchase security devices and call upon the police when needed. According to this mindset, minorities who live in crime-ridden areas are both held responsible for their plight and subjected to both neglect and routine violence from public authorities.

Fourth, neoliberalism is inherently flexible and adaptable. It rarely exists in any pure form and it has to this day withstood many challenges and

cohabitated with various forms of conservatism (Brown, 2005), communitarianism and even social democracy. Although there have been serious misgivings about neoliberalism's socioeconomic and cultural consequences from both ends of the political spectrum, we simply cannot say that we have moved beyond it both as an ideological mindset and a mode of economic organization.

Neoliberalism and the Covid-19 crisis

It has become obvious that neoliberalism and individualized risk management are woefully inadequate in the context of a pandemic of this magnitude. Although the speed of governments' responses has been an important factor, the unfolding health crisis has also exposed the deep vulnerabilities of underfunded or private health care systems. In places as different as the United States (Pilkington, 2020), Quebec (Shingler and Stevenson, 2020) and Sweden (Rothschild, 2020) the poorest and more multi-ethnic neighborhoods have been hardest hit. High-density urban areas are disproportionately populated by precarious and low wage workers in nursing homes and other essential services. Long overlooked by public authorities, hitherto vulnerable communities have not been singled-out for widespread and systematic testing. Due to the nature of their work, crowded living conditions and uneven exposure to public health campaigns, poor and multiethnic neighborhoods are less able to follow stay-at-home orders and practice social distancing. Although we could be under the impression that global pandemics do not discriminate, they clearly accentuate the disparities that we have collectively allowed to set in. Yet again, it appears that exposure to risk varies according to class and ethnicity. This is also clearly at play in the current mobilizations for social, economic and racial justice in the United States.

This leads to a situation whereby lower-income people least able to follow public health advice and most penalized by school and day care closures, become a direct or indirect target of criticism for higher-income and non-urban communities. In many cases, this has the effect of reinforcing existing prejudice. Individual risk-management thus contributes to individualize and compartmentalize blame, instead of considering the role of structural asymmetries and ascribing collective responsibility. In such a context, it becomes difficult to defend either strict lockdowns or complete re-openings from an unassailable moral standpoint.

This is further complicated by the fact that individual risk-management has been accompanied by a lower tolerance to risk in general. Engin Isin (2004) notes that as they learn more about the dangers_ such as climate change and pandemics_ besetting humanity and are wary of the changes brought about by globalization, individual citizens come to demand and expect a greater degree of security. "Neurotic citizens" then mobilize affects rather than rational calculus to manage their anxiety. They also cling to and produce collective narratives that are meant to soothe confusion and fear. The paradox here is that the lower tolerance to risk has not been matched by a societal commitment to either preserve or enhance collective mechanisms of risk-management. This makes for an insidious form of neurosis that works just like ideological mystification.

As social solidarity recedes and individual risk-management becomes the norm, we are left more exposed to external shocks. But rather than seeing external shocks or our ability to deal with them as relating to structural causes, they are seen as distinct events that need to be dealt with immediately to restore normalcy as soon as possible. Major existential challenges like pandemics and climate change will not simply require targeted technical or scientific fixes; they must be seen in the broader context of our relationship with nature and of the effects they have in the most vulnerable.

Another way forward

Even as reactions have differed from one country to the next, and as questions remain as to the proper interpretation of scientific evidence, states with strong social-democratic traditions like Norway, Denmark and to an extent Germany (with its strategy of "herd immunity", Sweden is clearly an outlier) have fared better than more avowedly liberal states like the United States and Great Britain. Although their methods have been highly questionable, more centralized and authoritarian states like China and Vietnam have also been better able to control the spread of the virus than decentralized democracies like the United States. Neoliberal critics like Hayek have long pointed to the welfare state's naïve and erroneous belief in central planning and to its over-reliance on rationalized social organization and control. To be sure, a reworked version of the welfare state would need to avoid lapsing into an all-encompassing instrumental rationality that reduces individuals and societies to unreflective units and statistical aggregates (Adorno and Horkheimer, 2002; Marcuse, 1991). However, the pandemic has

made us appreciate the virtues of state efficacy, technical advances, coordination and reliance on scientific evidence, especially as they are deployed for humanistic purposes.

The current pandemic is seen as a threat requiring immediate action, but it has also revealed the moral and instrumental value of solidarity. The selfless reflexes we have seen from states and people putting health over economics, have offered a glimpse into possible futures based on greater social solidarity, civic responsibility and fairness. We also have a sense that greater vulnerability in specific communities can impact society as a whole. Collective forms of risk-management embodied in state governance and social consciousness are clearly more suited to halt the propagation of viruses, but they would also be useful in the struggle against a range of social and environmental problems.

Responding to the current crisis and other serious issues facing humanity by advocating budget discipline, bowing down to credit rating agencies, ignoring the plight of the poor and minorities and turbocharging the culture of performance will inevitably widen existing social fractures and economic disparities. As we become more and more concerned with our own vulnerability, it would seem counterin-

tuitive to opt for less social protections and more selectivity as to who and what is protected. These considerations will come into play as governments and populations decide on which policies to adopt in the post-Covid era. As such, overturning decades of neoliberal policies and cultural tropes will not be easy.

Collective risk-management involves a different mindset, one that rests on social rather than individual responsibility and on long-term objectives rather than on short-term gains and fixes. In turn, this new mindset must translate into a reinvigorated welfare state, with the mandate to harness wealth and scientific advances for collective ends, to be explicitly inclusive and democratic and to build up preparedness with sweeping public works and social protections. Actually-existing neoliberalism has been chipping away at the idea of society for decades, offering no other moral prescription than rational calculus and cohabitation between distinct (sub)cultures and individuals. Pandemics prove that societies are living, interconnected organisms, which can't be protected if they are compartmentalized along racial and class lines.

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