

Spirits of Neoliberalism: 'Competitiveness' and 'Wellbeing' indicators as rival orders of worth

William Davies

Forthcoming in January 2015 in *A World of Indicators: The making of governmental knowledge through quantification*, edited by Rottenburg, Richard, Sally E. Merry, Sung-Joon Park and Johanna Mugler. Cambridge: CUP

Market prices are indicators of value or worth. A market is a system of indication, in which quantities of money are viewed as commensurate to the value of goods and services being traded. But is this a *good* system of indication? Why would we select price as our preferred indicator, and not some other indicator? These questions lead towards a 'meta' question, of what is valuable about the price system, and how might *that* be indicated.

An orthodox liberal economic argument is that markets increase efficiency, because both parties in an exchange are better off than they were prior to the exchange, assuming that it was conducted voluntarily. The premise of 19th century liberalism was that such exchanges will arise organically and 'naturally', once the state retreats from the economic domain, creating an autonomous space of free trade (Polanyi, 1957). But prior to the rise of market society, broader moral arguments had to be mobilized in favour of the price system, which went beyond narrow claims about efficiency (Hirschman, 1977). And by the late 19th century, with the rise of large corporations, institutionalist ideas and organized socialism, the case for the market was being lost once more. Neoliberalism, as first propagated in the 1930s by Friedrich Hayek, Henry Simons and the ordo-liberals, would necessarily involve restating and reinventing the argument in favour of the market, as a basis for social co-ordination and valuation (Mirowski & Plehwe, 2009).

As Foucault stresses in his lectures on neoliberalism, its proponents never advocated a straightforward reversal of the trends towards bureaucratic, regulated, hierarchical capitalism that had swept Europe and the United States from 1870 onwards (Foucault, 2008). Nor did they seek necessarily to shrink the state or the 'social' realm, in the hope that an autonomous free market would emerge once more. Instead, they sought to reinvent society and state in ways that were commensurate with the ethos and logic of the market. What distinguishes neoliberalism is its acutely idealist and constructivist effort to govern, measure and evaluate all domains of society according to principles extracted from the market (Mirowski, 2009). Specific behaviours, ideals, characteristics and norms are identified with the free market (most commonly, those associated with 'enterprising' activity), and then employed as a basis on which to criticise and test institutions (Davies, 2014). Strange as it may sound, this even includes the criticism and testing of markets and enterprises themselves, which become judged by regulators in terms of how closely they conform to a particular neoliberal ideal. Where liberalism pursued a separation of the economic sphere from the social and political, neoliberalism subjects state, market and society to a uniform economic audit.

On the basis of this understanding of neoliberalism, it becomes easier to see the potential for *multiple varieties of neoliberalism*, resting on multiple accounts of the market's distinguishing moral quality. The normative question of *why* markets are worthwhile is open to a number of different and sometimes conflicting answers. This chapter explores two principles in particular that have been identified with the market, and then used as a basis to criticise and measure market and non-market institutions. The first is the inculcation of an ethos of *competitiveness*, which has long been a driving normative ideal for neoliberals, from Hayek onwards. The second is the facilitation of individual and collective *wellbeing*. This latter principle would not commonly be viewed as 'neoliberal', indeed appeals to 'wellbeing' have often been used to criticise the competitive culture of neoliberal societies. But both competitiveness and wellbeing represent moral values that markets potentially uphold, and can subsequently be used as a moral basis on which to evaluate institutions both inside and outside of the economic sphere. In that specific sense, they each underpin a form of neoliberalism.

To provide a basis for governance and evaluation, these moral values cannot remain purely in the realm of the normative and qualitative. If societies are to be gauged and compared for their competitiveness or wellbeing, certain tests and measures need developing through which to do so. *Indicators* need to be constructed, to reveal how far societies have become imbued with the ethos of the market, however that ethos is defined. The purpose of this chapter is to explore how indicators enable the transition from normative to empirical judgement, in the specific cases of competitiveness and wellbeing. The next section lays out a theoretical and methodological approach, drawing on the pragmatist sociology of the Convention School. I then turn to the examples of competitiveness and wellbeing indicators in turn, before concluding with some speculations regarding transitions in the ‘spirit’ of neoliberalism.

Indicators as conventions of valuation

National statistics display acute Weberian paradoxes of value neutrality. Their authority derives from the sense that they are ‘objective’, ‘neutral’ and ‘scientific’, while also representing something of public concern and political relevance, which is *worth measuring in the first place*. As Innes argues, “the only way a statistician can keep out of politics is to collect irrelevant data (Innes, 1989: 75). Institutionally, they bridge between the academic social sciences and government policy imperatives, and their authority depends on their capacity to marry scientific and political ‘vocations’ (Weber, 1991a, 1991b). Desrosières has argued that statistics have a dual status in the modern public sphere, whereby they both produce a shared and objective reality which an entire population can inhabit, while also serving as tools and objects of critique (Desrosières, 1998: 325). From a pragmatist perspective, any disagreement is only meaningful in the context of an already agreed-upon shared world, including agreed-upon terms on which it is possible to disagree; statistics are involved in both the matters of agreement *and* disagreement. New objects of statistical measurement arise initially as normative, critical and political concerns, against ‘objective’ statistical backdrops, which they then contribute to renewing. They thereby lose their explicitly normative quality, as they become embedded as expertly and officially constructed realities, which are taken for

granted and 'black boxed'. But this then facilitates new critical, public debates, which contribute towards the identification of new objects of statistical measurement.

The term 'indicator' refers to a statistic that successfully combines scientific objectivity with normative authority of some sort, winning agreement from both expert and non-expert publics. Many national statistics emerge initially as indicators, for why else would they be constructed at all? For example, the critique that Gross Domestic Product (GDP) is not a 'good' indicator of national economic performance or doesn't capture activities that are 'worthwhile' ignores the extent to which the measure of aggregate national output initially indicated a great deal about potential military capacity at a time of war (Perlman, 1987). The contingent political and moral concerns of statisticians and policy-makers may inadvertently provide the data on which more 'objective' or 'value neutral' analyses and social sciences are based. A convention arises, stating that a particular measurable, objective phenomenon is representative of something of worth, and hence "a statistical category is the result of an equivalence convention" (Desrosières, 2007: 5). In public life, numbers retain a relationship with moral judgement, while at the same time promising to replace moral judgement.

Convention scholars focus on this relationship between moral and empirical evaluations of worth, illuminating the implicit normative presuppositions that underlie apparently neutral and objective statements of social and economic facts (Boltanski & Thevenot, 2006). A convention of evaluation ties together a metaphysical claim about *intrinsic* worth with techniques (such as statistics or accounting audits) for demonstrating the presence of that worth, in everyday situations, via *extrinsic* assessment. A principle must also be *testable* in some way, such that it can be used to cast authoritative judgement upon actions and outcomes in real world situations.

Judged from a pragmatist standpoint, the political purpose of both moral and technical claims is the same, namely to facilitate agreement amongst a certain group of actors or public. Technical and numerical representations of 'worth' have the rhetorical advantage of appearing neutral and disinterested; they also have the strategic advantage of reducing ambiguity and the scope for deliberation, and providing a clear set of rules (Meyer & Rowan, 1977). The shift from the 'political metaphysics' of moral assessment

to the 'political physics' of empirical evaluation inevitably robs the social world of much of its qualitative ambiguity, and renders it explicit. Sociologists of commensuration identify this as a "form of valuing [that] denies the possibility of intrinsic value, pricelessness, or any absolute category of value" (Espeland & Stevens, 1998: 324). By this account, the alternative to commensuration and measurement is to defend the *incommensurable* nature of intrinsically valuable goods, activities and relationships. And yet values which are incommensurable with one convention of measurement may themselves be rendered technical, producing a new and alternative form of commensuration.

Convention scholars talk of situations 'holding together', when there is sufficient agreement on how a situation is to be technically evaluated (Desrosières, 1998: 9-12; Boltanski & Thevenot, 2006: 41). This implies that actors all inhabit the same moral order of worth and associated socio-economic reality. Consequently, it is also agreed which techniques of objective measurement should be employed as tests of value. Measurement and commensuration therefore stabilise situations, preventing them from becoming matters of excessive dispute. But situations can equally 'fall apart', when actors start to appeal to rival, incommensurable orders of worth, when criticising and justifying particular actions, and differ over how to test and measure social reality. When this occurs, the moral underpinnings of measurement come to light once more, and actors fall back on political skills of rhetoric and compromise in order to negotiate between rival metaphysics of worth.

In applying this analytical approach to neoliberal statistical indicators, I make three assumptions, which will steer the line of empirical enquiry in the following sections. Firstly, indicators are devices which facilitate a degree of agreement-reaching in public discourse. Who is to be party to this agreement, and what its terms are, is a separate matter to be investigated. Indicators are designed for different types of audience. Some will specifically seek to reinforce the authority of expert judgement, and to close down public debate, aiming for agreement amongst policy-makers, but not necessarily the wider public. The risk of such a strategy is that non-governmental actors, such as NGOs, think tanks and the media, might choose not to recognise the moral and/or technical authority of a given indicator or expert. Others will seek to mobilise actors or lobby policy-makers, by raising the profile of an alternative set of normative concerns, which

are otherwise outside of the realm of expert evaluation or incommensurable with dominant indicators. Numbers then take on a more explicitly rhetorical quality, in seeking to persuade and travel within the public sphere.

Secondly, the political authority of an indicator lies in its capacity to mediate between moral and technical modes of evaluation. The ideal of positivist reason is to divorce fully one from the other, but this ideal is never fully realised. Metaphysical philosophies of what is 'ultimately' or intrinsically valuable are converted into scientific techniques for extrinsic valuation, but the former always leave their trace in the latter. The technical expert has merely claimed to identify a particular 'objective' trait, which can be treated as a proxy for intrinsic worth. Following Weber, the sociologist needs to follow this process 'upstream', identifying how normative principles were converted into measures in the first place. Some indicators will be presented with an exaggerated sense of their scientific authority (as if they would remain true, even if nobody agreed with them), while some are presented with an exaggerated sense of their popular authority or political urgency (like opinion polling), but all must have an element of both.

We can therefore speak of indicators possessing a normative 'spirit', in the same way that Weber spoke of the 'spirit of capitalism' (Weber, 2002). This 'spirit' is the moral philosophy or ideology which conditions and accompanies a seemingly amoral, technical or utilitarian rationalism. Weber recognised that the pursuit of ever-greater wealth was not alone a sufficient basis on which to engage participants in capitalism. Behind numerical logic, be it economic or statistical, there is the 'spirit' of moral reasoning. The neoliberal justification for markets cannot be predicated purely on arguments about economic efficiency, although appeals to economic objectivity provide considerable rhetorical armoury. Something of *intrinsic* value must be identified in the market to provide a moral basis of critique (including the critique of extant markets), which can then be converted into a technical form of measurement, to evaluate market and non-market institutions, or even entire nations. Boltanski and Chiapello define the 'spirit' of capitalism as "*the ideology that justifies engagement in capitalism*" (Boltanski & Chiapello, 2007: 8; emphasis as original). Likewise, the 'spirit' of neoliberalism is the *principle extracted from the market, which is used to justify the transformation of market and non-market institutions*. But in any case, a 'spirit' has to be subject to real-world

tests, that is technical processes whereby the worth of a given agent (or institution, nation, process, good etc) can be proven, rendered empirical, before a range of actors. Neoliberal indicators put institutions and nations to the test, judging them according to a particular 'spirit' identified in the market.

Finally, the politics of an indicator must also be analysed in terms of its relative position vis a vis experts and non-experts, and in terms of its capacity to establish or conform to *standards* that become accepted in public spheres. In studying indicators, we are forced to recognise the extent to which the divisions between expert and non-expert, between technical and moral reason, between state and public, break down. Pressure groups and think tanks use quantitative data for rhetorical, political purposes; expert policy knowledge may rest on charismatic authority, and not scientific authority (Davies, 2011a); government statistical agencies increasingly seek public engagement, to find ways of developing statistics that non-experts find credible. Rhetoric, numbers, sovereignty, popular opinion, moral judgement, expertise, governmentality and democratic process do not inhabit separate domains of state and civil society, but are all entangled with one another. The fact that certain statistics become accepted as standards across state, academia and society may be a result of particular monopolies possessed by certain actors (a census, for example, can only be carried out by state actors). But the history of statistics shows that there has never been a monopolist of statistical reasoning, and that amateurs – outside of both state and academy – have always played a crucial role in the innovation and dissemination of new techniques.

Indicating national competitiveness

In 1979, The World Economic Forum (WEF) (then the European Management Forum) published its first 'Global Competitiveness Report', measuring and ranking the 'competitiveness' of European nations (European Management Forum, 1979). The report noted:

Traditionally, competitiveness is defined mainly in terms of the cost of production and productivity. However, we know today that many other elements come into

play: the internal dynamism of a country, its socio-political consensus, the quality of its human resources, its commercial spirit, the manner in which it prepares for the future, etc.

(European Management Forum, 1979).

The task of a national competitiveness evaluation extended well beyond the limits of markets, to examine how successfully non-market institutions were supportive of markets, and imbued with an ethos of competitiveness. Rather than judging markets in terms of how well they served ‘society’, the evaluation of national competitiveness would judge ‘society’ in terms of how well it served the needs of entrepreneurs and businesses, in the context of globalising markets (Jessop, 2002). Competitiveness indicators synthesise multiple social and economic statistics, combining them with survey data, to produce a single ‘score’ of national competitiveness. The centrepiece of each Global Competitiveness Report is the ‘Global Competitiveness Index’, which ranks nations according to their overall competitiveness levels, with a range of secondary indices ranking nations according to underlying factors in competitiveness. ‘Competitiveness’ grew to become a dominant organising narrative for neoliberal policy regimes over the course of the 1980s and ‘90s, not only at a national level, but also at the level of local, urban and European policy (Sum, 2009). What sort of value or ethos is competitiveness, and how can it be rendered measurable? Lets address these two questions in turn, by focusing first on competitiveness as a moral ‘spirit’, then on the ‘tests’ that reveal its quantity.

The spirit of competitiveness

It was precisely the competitive dimension of markets that underpinned their normative appeal to the early neoliberals (Foucault, 2008). Hayek offered a stark dichotomy, between policy regimes which create economic *plans*, and those which release economic *competition*, where the latter offered the only route to social coordination that did not involve a level of coercion (Hayek, 1944). The freedom facilitated by the competitive dynamic of the market was thus its central moral virtue, quite aside from whatever empirical efficiencies might result, which Hayek treated as fortunate side-effects (1944: 38). Markets themselves vary in their degree of competitiveness, meaning that an interventionist system of anti-trust was initially a central policy demand of

neoliberals, with the Freiburg School of 'ordo-liberalism' looking to the state to impose a legal framework upon markets, that would govern them in accordance to an *a priori* idea of competition (Gerber, 1994, 1998).

The competitive spirit of neoliberalism extends beyond the limits of markets, thanks to two theoretical traditions. Firstly, Schumpeterian economics greatly expands the 'field' in which competition takes place, to include strategic use of social networks, scientific findings, technology and institutions. Competition that goes on *within* markets assumes that supply and demand will become aligned, thanks to variations in price, but that the rival products being bought and sold are roughly the same. This is known as 'static competition'. By contrast, Schumpeter recognised that the most transformative forms of competition involved entrepreneurs introducing entirely *new* products, creating entirely *new* markets, that could then be monopolised for periods of time (Schumpeter, 1976: 67). Entrepreneurs operate on the border of the 'market' and 'social' spheres, acting to usher in new products from outside of the established marketplace, identifying new, previously unmet needs. Hence, the sphere of competition is expanded to include anything that might conceivably serve the interests of entrepreneurs in the future.

Secondly, the Chicago School of economics abandons any *a priori* vision of the ideal competitive market from the 1950s onwards (Van Horn, 2011). Instead, via a dogmatic allegiance to the principles of neoclassical economics (that is, to individual rational choice) it evaluates *all* social, political and economic institutions, on the assumption that individuals are constantly strategising towards their own private advantage (Davies, 2010). For Chicago economists such as Becker and Coase, market-type behaviour is present in all situations, and all activity can be assessed 'as if' it were market-based activity.

The significance of competitiveness think tanks (which produce most competitiveness indicators) is in providing a space in which politicians, policy-makers, business leaders and business gurus can network and affirm a shared commitment to the ethos of competitiveness. Studies of competitiveness frequently assert that it is a concern that cuts across all sectors, and all types of organisation. The key commissions on national competitiveness, such as the 1985 President's Commission on Industrial

Competitiveness in the US and the European Competitiveness Advisory Group established in 1995, have notably included representatives from business, government and academia. The World Economic Forum's annual Davos conference is notorious as a cross-sectoral meeting point for very senior decision-makers. At least on a rhetorical level, the spirit of competitiveness is pushed into the governmental and political domain, by force of analogy between corporate strategy and national strategy, and by allowing politicians to express patriotism via the language of national competitiveness. The nation, the firm and the individual are all presented as similarly strategic agents, seeking to out-perform their rivals, both inside and outside of markets. Global capitalism becomes the game which all inhabit and all are implored to compete in, even if they also inhabit various other scales of competition (Jessop, 2002).

Tests of competitiveness

Competitiveness indicators are largely produced by think tanks, business schools and 'gurus', operating within what Thrift terms the "cultural circuit of capital" (Thrift, 2005). The most prominent sources of statistical analysis and comparison are The WEF, IMD World Competitiveness Centre, The Council on Competitiveness and Harvard Business School, while a handful of prominent 'gurus' such as Michael Porter and Stefan Garelli sell high profile consultancy alongside many of these institutions, to governments around the world. Pragmatically speaking, the task for those seeking to evaluate national competitiveness is how to produce a shared world, which 'holds' together objectively, inhabited by very senior decision-makers across all sectors of society.¹ Any quantitative data generated on competitiveness has to be relevant to them all, if it is to support the program of disseminating the spirit of competitiveness. It is not designed to be conclusive or 'black-boxed', but to facilitate discussion and productive disagreement. This places a limit on its scientific sophistication, meaning that if there is one expert community that has been most alienated from this field of analysis, it is academic economists (e.g. Krugman, 1994).

¹ The WEF explains the purpose of its global competitiveness reports is: "to provide benchmarking tools for business leaders and policymakers to identify obstacles to improved competitiveness, thus stimulating discussion." (WEF, 2011: 3).

How do these think tanks and gurus set about rendering the ethos of competitiveness measurable? How is competitiveness *indicated* empirically? The first thing to note about competitiveness evaluations is that they are essentially comparative. The Hayekian ethos is that freedom consists of the freedom to win and lose, and this permeates the statistical analysis. Much of the data that competitiveness analysts employ and publicise is already in the public domain, but presented so as to benchmark nations against each other. Represented in this way, the exact level of national economic performance might appear less significant than *relative levels*, compared to other nations. The expectation or hope is then that policy-makers will strive to improve their relative position in the rankings, in the same way that entrepreneurs strive to dominate markets, or respond to being 'named and shamed' as low performers, though this is a necessarily weak way to discipline policy-makers (Bruno, 2009). Rankings are a particular form of commensuration, which "reduce distinctiveness to magnitude", focusing the eye upon differences between competitors, and the identity of the 'winner' (Espeland & Sauder, 2007: 19). A single competitiveness score is awarded to each nation, whose sole significance is to facilitate a final national competitiveness table, which then serves to capture public and media attention.

Commensuration between different competitiveness scoreboards and evaluations is typically impossible, as the methods employed for constructing competitiveness scores differ between institutes and fluctuate over time; there are few methodological standards, which adds to the frustrations of orthodox economists. Longitudinal comparisons are largely made in terms of rank, not absolute performance (i.e. a fall in ranking is what matters, not the decline in the 'score'). In this sense, a national competitiveness 'score' indicates nothing by itself, beyond the confines of a single index. Yet, underlying this score is a series of indicators, each being synthesised out of further indicators, like Russian dolls. For example, one of the WEF's twelve 'pillars' of competitiveness is 'health and primary education', which consists of ten indicators (such as 'malaria incidence' and 'business impact of malaria incidence'), which are independently scored. An overall score for this 'pillar' is given, which will then be weighted and combined with scores for the other 'pillars'. So long as quantitative data exists, and plausible weights can be put on them, heterogeneous social, economic, cultural and political institutions and goods can all be brought into relations of equivalence. The metaphor of the indicator

as a 'pillar' suggests an architectural structure, in which a nation's competitiveness is held aloft by a series of supporting structures, each of which needs strengthening by policy.

There is an inescapably normative dimension to the selection of these pillars, and each think tank or consultant will tweak their selection for their own purposes, clients and brand. The authority of 'gurus' in this field of research reflects the impossibility of concealing the normative judgements that are at work, endorsing qualitative judgement with the charismatic authority of a celebrity expert. The various indicators of competitiveness are compiled with a pragmatic awareness that no amount of statistical data can ever quite capture the underlying ethos of competitiveness. Only the use of 'Delphi surveys' comes close to capturing the intangible 'spirit' of competitiveness. This technique, used by WEF and IMD in their scoreboards, is used to quantify those aspects of competitiveness that most resist empirical measurement or for which no data are available. Senior business people are surveyed, and asked to score a given nation, often on tacit and qualitative issues, such as its entrepreneurial 'values'. Where results vary strongly, the divergent scores are sent back to the respondents for a further response. If these subsequent responses vary, the process continues, until some agreement is reached, providing a quantitative evaluation of a nation's ethos, or rather its reputation in the eyes of business leaders. The Delphi technique represents a peculiarly pragmatic example of commensuration, moving gradually between heterogeneous judgements about a given nation's 'spirit', to an empirical, quantitative statement of its worth. The role of the expert in this technique is not so much to supply an 'objective' assessment, as to facilitate agreement-reaching amongst elite non-experts, in a standardised fashion.

Indicating national wellbeing

In 1974, the economist Frank Easterlin published a paper which would spawn the expression 'Easterlin's paradox' (Easterlin, 1974). The paradox in question was that variations in measured levels of human happiness did not correspond to economic growth rates across most developed nations, raising questions regarding the authority of GDP as an indicator of national progress. Easterlin's findings have since been

supplemented by a host of economic, psychological and statistical research on happiness, demonstrating the divergences between monetary valuation and measured psychological benefit. The social indicators movement has produced rival measures of societal and national progress, not only measured in money, since the early 1970s, as a challenge to GDP (Innes, 1989). In the 2000s, these heterodox methodological approaches acquired growing policy relevance and authority, with a number of national statistical agencies starting to collect data on wellbeing. The high profile ‘Stiglitz Commission’ was established in 2008 by the French President, to examine how to measure economic and social progress, reporting in 2009 with a report that highlighted wellbeing measurement as a necessary accompaniment to GDP (Stiglitz et al, 2009).

In the previous section, I looked at how neoliberals have focused on competitiveness as the distinguishing moral characteristic of the market, to be valued and measured across society. The proposition I wish to investigate here is that the development of individual wellbeing represents the spirit of a rival form of neoliberalism, which is accompanied by its own set of measures and tests. Markets can be justified in many ways, not only for their facilitation of exchange, competitiveness or efficiency; they can also be justified for their capacity to satisfy needs and demands, that is, to produce human happiness and alleviate suffering. Business has developed various additional techniques and strategies for delivering this satisfaction, which do not rely on abstract forces of supply and demand, but on market research, marketing and management. But as with the ethos of competitiveness, this commitment towards psychological satisfaction and pleasure can be extended beyond the limits of the market, and elevated to a generalised moral principle, via which nations can be evaluated, tested and compared. Here I describe the ethical ‘spirit’ of wellbeing, before examining how it is indicated empirically.

The spirit of wellbeing

Utilitarianism and market liberalism have intertwined genealogies, which are synthesised in the British tradition of welfare economics. Bentham argued in 1780 that “the business of government is to promote the happiness of the society, by punishing and rewarding”, while classical liberalism presumed that free market exchanges represented a non-coercive means of maximising welfare (Bentham, 1988: 70). Market liberalism is utilitarian, to the extent that money and psychological utility are in some stable

relationship of equivalence, an equivalence that is presumed until some form of technical 'market failure' arises. This way, prices can be assumed as valid indicators of value and of welfare, and an increase in wealth is an indicator of increased happiness. With the birth of macroeconomics and Keynesianism in the 1930s, growth of 'the economy' as a whole became a potential indicator of aggregate wellbeing, though also on the basis that money and utility possessed some form of equivalence (Mitchell, 1998).

But why prioritise happiness at all? What is *intrinsically* good about this entity or epi-phenomenon that utilitarians and welfare economists are so keen to measure and maximise? And why should it *grow*, rather than remain stable? The contemporary happiness economist, Richard Layard, argues that "if we are asked why happiness matters, we can give no further external reason. It just obviously does matter" (Layard, 2005: 113). Bentham's own definition of utility was so broad as to make all human experience (ethical, psychological, economic) commensurable to a single quantitative scale: "by utility is meant that property, whereby it tends to produce benefit, advantage, pleasure, good, or happiness (all this in the present case comes to the same thing)" (Bentham, 1988: 2). Whatever metaphysical or normative presuppositions underpin the Benthamite agenda, they remain carefully concealed at all times, other than a principled hostility towards metaphysical and normative politics. The most extensive system of commensuration (and thus the most complete eradication of intrinsic values from public policy) becomes a political goal in its own right.

But perhaps we can come at this question from another angle. Via what moral critique does the equivalence convention between money and happiness fall apart? Of course capitalism has always been accompanied by various traditions of anti-capitalism, of both leftwing and rightwing varieties. Markets can be criticised on the basis that some things simply shouldn't be for sale, or shouldn't be commensurable or measured at all (Satz, 2010). What is different about critiques made from within the 'spirit' of wellbeing is that they criticise markets and non-market institutions on the basis that *they are not adequately utilitarian*. If the promotion of happiness is to become a broader societal principle, beyond the limits of the market (thereby splitting the equivalence between price and wellbeing), a metaphysics or principle of happiness is required, out of which new indicators can be developed. What form of happiness *should* the market deliver, but

doesn't? Three answers suggest themselves, which are relevant to how wellbeing indicators are constructed.

Firstly, the market *should* facilitate rational, self-interested decision-making, but often doesn't. This understands happiness as a form of psychological event – a moment of pleasure or *hedonia*. Through most of the twentieth century, neo-classical economics operated with the 'revealed preference theory of choice', which stated that behaviour was a direct representation of preferences that are held by the individual as stable, knowable epi-phenomena (Hands, 2010). Satisfying these preferences could be assumed to produce utility and the individual would know how to achieve this. This methodological presupposition has come under attack from various sources. Market researchers began to study the 'attitudes' of consumers from the 1920s onwards, as phenomena that existed independently of purchasing behaviour, but extended into the social and political realms as well, spawning opinion polling (Baritz, 1960; Rose, 1996; Osborne & Rose, 1999). And experimental economics, focused on choice-making behaviour, grew out of game theory at the University of Michigan in the 1950s, to demonstrate the limited capacity and tendency of individuals to behave in a calculated, self-interested way (Heukelom, 2006, 2010). These critiques share a normative commitment to the satisfaction of individual desires, and the creation of mental wellbeing; but they all recognise that consumers are prevented from experiencing this, either by imperfections in markets, or imperfections in their own calculative capacity.

Secondly, the market *should* deliver fulfilling, meaningful lives, but often doesn't. This is happiness as Aristotelian *eudaimonia* (Nussbaum & Sen, 1993). The term 'wellbeing' is often used to refer to this form of happiness, having both an 'objective' and a 'subjective' element. 'Objective' wellbeing refers to various substantive goods that are necessary preconditions of a good and happy life for all human beings, such as health and democratic government. 'Subjective' wellbeing refers to the individual's own sense of life satisfaction, and the sense of meaning or purpose that they find in their life. If there is one market which most impacts upon eudaimonic happiness, it is the labour market, seeing as how a meaningful, coherent life has increasingly become associated with 'job security' and a 'career' in modern times. Thus one area where the equivalence convention of the market has been disrupted by eudaimonic critique since the early

twentieth century is in the psychological studies of workplaces, which bred the Human Resources industry (Baritz, 1960; Rose, 1996). The recognition that alienated workers and meaningless work could impact negatively on employers *and* employees was a recognition that the equivalence convention between wages and labour did not hold together fully. An additional means of valuing and rewarding work was required, beyond what the labour market alone could facilitate.

Finally, the market *should* facilitate a form of progress towards societal wellbeing, in some quasi-Enlightenment sense, but often doesn't. The assumption here is an implicitly Kantian one, that the future must be somehow better, more fulfilled, greater than the past, and that the present is a moment of critique between the two (Kant, 1970a). This is the Aristotelian teleology of the individual pursuing a good life, aggregated up to a national teleology towards "a perfectly constituted state as the only condition in which the capacities of mankind can be fully developed" (Kant, 1970b: 50). The historical telos of nations took on an increasingly technical and statistical dimension over the course of the 19th century, and macroeconomics made the aggregate national flow of goods and services a potential indicator of a nation's progress. But the question of where a nation is heading, what its wealth is *for* and how it should evaluate itself remain open ones, which cannot be resolved using economics. Identifying aspects of life that are valuable, but which can't be bought or sold, and adding these to indicators of national 'progress' is central to development economics and the social indicators movement.

Tests of wellbeing

As much as Benthamites and economists might wish for a single theory of wellbeing, to be indicated in a single measure of wellbeing, once we look behind the primary existing measure (namely, the price system) we discover that there are heterogeneous forms of happiness that require measuring in heterogeneous ways. Many such measures have been constructed since the 1960s, meaning that the utilitarian critique of the price system is no longer merely negative or 'anti-capitalist', but can now offer alternative conventions via which wellbeing is to be indicated, but which do not rest on monetary valuation (Diener & Seligman, 2004; Diener & Ryan, 2008). This includes forms of national wellbeing indicators, as are now being compiled by various national statistical agencies around the world.

Of the three ethical philosophies of happiness outlined in the previous section, the first (individual rational choice) is least suitable to indication at a national level. Behavioural and wellbeing economists have developed extensive bodies of evidence, to distinguish the circumstances under which individuals *do* calculate in a rational, self-interested fashion, from those in which they don't, and the circumstances in which their decisions *do* lead to the experienced utility which they predict, from those in which they don't (Kahneman & Sugden, 2005). The critical empirical-normative question is which circumstances do we *adapt to*, and hence when do our experienced happiness levels cease to correspond to our objective conditions, including our economic conditions. This has various policy uses, for instance attaching quantitative values to health outcomes and public goods, and some high profile policy prescriptions for 'nudging' individuals towards better choices (Dolan & Kahneman, 2008; Thaler & Sunstein, 2008). Hence it is possible to produce quantitative indications of a given individual's happiness at precise moments, using techniques as the Day Reconstruction Method or even brain scans. But few people would argue that this notion of happiness should be used as a basis on which to evaluate or compare nations.

Statistical interest in happiness has largely focused on *self-reported* happiness (or 'life satisfaction'), rather than on experienced happiness. The crucial technical characteristic of self-reported happiness is what Cantril originally termed the "self-anchoring technique" (Cantril, 1966). This involves surveying individuals on their quality of life, but without offering them an objective basis or measure via which to assess it. Instead, questions such as "overall, how satisfied are you with your life nowadays" are asked with a range of possible answers, but the individual assesses their life according to values and aspirations that are private to them. This is in contrast to the 'attitudinal' research of the marketing and polling industry, in which individuals are asked to express an opinion of a specific institution or product. The resulting data indicates 'subjective wellbeing', and forms a central part of the social indicators movement and development economics. Variations in aggregate levels of subjective wellbeing, both over time and between nations, have been used as part of a critique of GDP as an indicator of 'progress'.

Self-reported happiness data are scarcely indicative of either individual *eudaimonia* or of societal progress on their own. They suffer from a range of technical and normative problems, such as the possibility that some cultures have a greater propensity to report happiness than others. However, when combined with *objective* wellbeing data (that is, data on a nation's level of material, political and human development), a richer notion of national wellbeing can be built up, which is more indicative of a nation's socio-economic fulfilment or progress than purely monetary measures. Selecting indicators of objective wellbeing is an inevitably somewhat arbitrary process, that - as with identification of 'pillars' of competitiveness - reflects something of the normative presuppositions of the statistician or social scientist. The 'spirit' of these indicators is not hidden, but instead makes certain teleological assumptions explicit. Combining measures of subjective wellbeing (i.e. happiness) with measures of objective wellbeing produces an indicator of a nation's quality of life, which ought normatively to grow over time, diverting the Kantian Enlightenment spirit away from a fixation on GDP, towards more carefully designed indicators.

In the early 21st century, a number of national statistical agencies began to collect data on subjective wellbeing (life satisfaction) and objective wellbeing, including those of Australia, Canada, the United States and Britain. The case of the British Office for National Statistics (ONS) highlights how various technical-normative equivalence conventions need to be established, before a nation's wellbeing can be measured. Initially, authority for the ONS's study of national wellbeing came directly from the Prime Minister, who announced that he was commissioning national wellbeing indicators in 2010. The ONS established a number of expert groups (containing economists, psychologists and statisticians), to advise on how to construct life satisfaction surveys, in ways that would elicit meaningful answers, identify regional variations and also be potentially commensurable with national surveys being run in other countries (ONS, 2011a, 2011b). The technical intricacies of subjective wellbeing measurement were left to experts, who published the questions for assessing subjective wellbeing in 2011.

However, the ONS also ran a 'National Debate' on the meaning of 'national wellbeing', consisting of 150 public events around the country, enabling statisticians and economists to take questions from audiences. This was accompanied by a consultation

exercise, which asked individuals to identify those aspects of life which “matter most to you”, then which of these should also be included in a measure of national wellbeing (ONS, 2010). The ONS consultation notes stated that:

Before ONS can start to measure national well-being we need to find out what national well-being means to those with an interest in it and how the new measures would be used...ONS is seeking views on what well-being means to you and what affects well-being, both for you as an individual and for the nation overall.

(ONS, 2010)

This emphasis on the intuitive or vernacular meaning of ‘national wellbeing’ was echoed by the Chief Statistician, who explained the purpose of the National Debate as seeking “good ways of showing figures which people recognise as telling a story which reflects their experiences” (Matheson, 2010). The method or procedure for integrating public interpretations of ‘wellbeing’ is not revealed by the ONS, but what is interesting about this case is the work that is put into consolidating wellbeing as a relevant, meaningful and robust indicator, that is both technically strong and publicly relevant. The technique of indication is the responsibility of the ONS and its various advisory groups, but the ethos to be *indicated* is – at least rhetorically – presented as a matter of public opinion or preference. The teleology of individuals and nations is not amenable to expert specification, though experts are tasked with framing questions and designing measures.

Conclusion: rival neoliberalisms?

The financial crisis which began in 2007 has led many to question whether neoliberalism is alive or dead (Peck et al, 2010). David Harvey’s reply is that this depends on what you mean by neoliberalism (Harvey, 2009). In this paper, I’ve offered a particular definition of neoliberalism as an effort to govern both economy and society, according to normative principles that have been extracted or deduced from an idea of the liberal market. And where such a principle is identified, the question then arises of how that is to be employed as a tool to criticise, judge and evaluate in everyday, concrete situations. A

neoliberal moral principle, or 'spirit', must also be converted into an empirical test, if it is to succeed in facilitating an agreed-upon reality for decision-makers. One way of understanding the constitution and fate of neoliberalism is in terms of *which* moral-empirical indicator is used as the dominant basis for evaluation and comparison, and how successfully that indicator 'holds together' as a form of publicly agreed-upon objective reality. As this paper has explored, competitiveness and wellbeing growth are rival principles that are, from a neoliberal perspective, ideally present in markets, but which can be used to criticise, measure and compare market and non-market institutions and whole nations.

The construction of wellbeing indicators may not appear like an example of neoliberalism. Certainly in its more developmental or Aristotelian forms, national wellbeing measurement may not necessarily privilege a neo-classical or consumerist vision of happiness as preference satisfaction or pleasure. Yet the project of subjecting market and non-market institutions to an integrated performance evaluation is in keeping with applied neoliberal policy-making. Moreover, an idealised vision of a 'good' market (including a good job, rational consumers, healthy lifestyles) provides a norm against which empirical evaluation of actual markets and individual behaviour is conducted.

The more speculative reason for looking at competitiveness indicators and wellbeing indicators side by side is that the current crisis of neoliberalism *could possibly* involve a shift from a privileging of competitiveness to a privileging of wellbeing, both morally and technically (Davies, 2011, 2012). Instead of individuals, communities and nations being invited to mimic the entrepreneurial properties of markets, which are decisive in splitting 'winners' from 'losers', they may increasingly be invited to mimic the therapeutic properties of markets, which facilitate gradual organic growth of relationships and selves. Technical apparatuses of measurement and comparison accompany both these rival 'worlds' of moral evaluation. Neoliberalism may not be disappearing, but it may be experiencing a shift in its dominant spirit and measure.

Boltanski and Thevenot draw our attention to the various compromises and rhetorical battles that go on between rival orders of worth. If competitiveness and wellbeing are the spirits of rival neoliberalisms then we can already see emerging conflicts and

compromises between them. Competitiveness and inequality have already been roundly criticised, by drawing attention to their impact on measured levels of wellbeing (Wilkinson & Pickett, 2009; Layard, 2005). The WEF, which remains closely associated with the measurement of national competitiveness, has sought compromise by publishing evidence on the importance of wellbeing to long-term competitiveness (WEF, 2010). Reports from its 2014 Davos meeting suggested that concern with wellbeing (mental and bodily) may now even have trumped competitiveness (Greenhill, 2014). But ultimately, these rival neoliberalisms operate with rival notions of the intrinsic value of markets. Both claim to be in touch with the original ‘spirit’ of liberalism – and with Adam Smith in particular – but interpret that spirit in incommensurable ways, producing incommensurable neoliberalisms.

In terms of the tests of neoliberalism, two final discrepancies in the *styles* of indication are worth noting. The first is in the principle manner of comparison: competitiveness indicators are designed chiefly to facilitate synchronic commensuration (that is, over space), while wellbeing indicators are designed to facilitate both synchronic and diachronic commensuration (over space and time), with a particular emphasis on the latter. Everything about competitiveness indicators is geared towards inculcating a sense of rivalry between nations. The absolute values or ‘scores’ attached to various national goods and outcomes are only meaningful inasmuch as they result in a ranking for the nation concerned, relative to other nations at the same time. National wellbeing, on the other hand, places a strong emphasis on the notion of national *progress*, that is, its development over time. ‘Easterlin’s paradox’ is a specifically diachronic phenomenon, the fact that GNP *growth* does not correlate to happiness *growth*. These rival spirits of neoliberalism pose the question – is it more important to compare with rivals in the present, or with the same nation in the past?

Secondly, they both include measures for ensuring that subjective, normative valuations are factored into indicators, and not entirely suspended in favour of expert, objective measurement. But these differ markedly in style. The Delphi Survey mediates between the opinions of senior business people, in order to put quantitative values on the aspects of a national culture which most resist quantification. Competitiveness indicators therefore offer a form of objective reality which is guaranteed to chime with the instinct of

a particular audience, and which other audiences (especially policy-makers) are then invited to recognise and inhabit. Wellbeing indicators are more populist and relativist than this, inviting members of the public to place a value on their lives, relative to their own goals and aspirations. The consultation and National Debate run by the ONS in the UK demonstrate an additional form of populism, in the way that the 'objective' indicators of wellbeing are selected, though with little transparency surrounding the procedure for factoring in public opinion.

Each in its own way demonstrates an uneasy tension which an indicator has to manage, between expertly-endorsed objectivity and the attitudes, preferences and values of broader publics. These indicators are both somewhat heterodox and controversial; the dilemma of their protagonists (many of whom operate in the grey areas between state, academia and civil society) is whether to claim expert authority, and fall back on largely technical claims regarding the efficiency of markets, or some form of moral authority, which also articulates why markets are an intrinsically good thing in the first place, regardless of measured outcomes. This latter strategy is the distinctly *neoliberal* one.

REFERENCES

- Baritz, L. (1960). *The Servants of Power*. Middletown, Connecticut: Wesleyan University Press.
- Bentham, J. (1988). *The Principles of Morals and Legislation*. Buffalo, N.Y: Prometheus Books.
- Boltanski, L., & Chiapello, E. (2007). *The New Spirit of Capitalism*. London: Verso.
- Boltanski, L., & Thévenot, L. (2006). *On Justification: Economies of Worth*. Princeton: Princeton University Press.
- Bruno, I. (2009). The “Indefinite Discipline” of Competitiveness Benchmarking as a Neoliberal Technology of Government. *Minerva*, 47(3), 261-280.
- Cantril, A. H. (1966). *The Pattern of Human Concerns*. New Brunswick, N.J.: Rutgers University Press.
- Davies, W. (2010). Economics and the “nonsense” of law: the case of the Chicago antitrust revolution. *Economy and Society*, 39(1), 64.
- Davies, W. (2011a). Knowing the Unknowable: The epistemological authority of innovation policy experts. *Social Epistemology*. 25 (4), 401-421
- Davies, W. (2011b). The Political Economy of Unhappiness. *New Left Review*. 71, Sept-Oct
- Davies, W. (2012). The Emerging Neocommunitarianism. *Political Quarterly*. 83: 4, 767-776, Oct-Dec 2012
- Davies, W. (2014). *The Limits of Neoliberalism: Authority, Sovereignty and the Logic of Competition*. London: Sage
- Desrosières, A. (1998). *The Politics of Large Numbers: A History of Statistical Reasoning*. Cambridge, Mass: Harvard University Press.
- Desrosières, A. (2007). Comparing the Incomparable: the sociology of statistics. In Touffet, J. (ed.) (2007) *Augustin Cournot: Modelling Economics*. Edward Elgar
- Diener, Ed, & Ryan, K. (2008). Subjective well-being: a general overview. *South African Journal of Psychology*, 39(4), 391-406.
- Diener, Ed, & Seligman, M. (2004). Beyond Money: Toward an Economy of Well-Being. *Psychological Science in the Public Interest*, 5(1).
- Dolan, P., & Kahneman, D. (2008). Interpretations Of Utility And Their Implications For The Valuation Of Health*. *The Economic Journal*, 118(525), 215–234.

- Easterlin, R. (1974). Does economic growth improve the human lot?: Some empirical evidence. In David, P. & Reder, M. (eds.) (1974) *Nations and Households in Economic Growth: Essays in Honor of Moses Abramovitz*, New York: Academic Press, Inc.
- Espeland, W. N., & Sauder, M. (2007). Rankings and Reactivity: How Public Measures Recreate Social Worlds¹. *American Journal of Sociology*, 113(1), 1-40.
- Espeland, W. N., & Stevens, M. L. (1998). Commensuration as a Social Process. *Annual Review of Sociology*, 24(1), 313-343.
- European Management Forum. (1979). *Global Competitiveness Report*
- Foucault, M. (2008). *The Birth of Biopolitics: Lectures at the Collège De France, 1978-79*. Basingstoke: Palgrave Macmillan.
- Gerber, D. J. (1994). Constitutionalizing the Economy: German Neo-Liberalism, Competition Law and the “New” Europe. *The American Journal of Comparative Law*, 42(1), 25-84.
- Gerber, D. J. (1998). *Law and Competition in Twentieth Century Europe: Protecting Prometheus*. Oxford: Clarendon Press.
- Greenhill, R. (2014). ‘Davos 2014: Beware – a healthy economy puts high value on wellbeing’. *The Guardian*, 19th January 2014
- Hands, D. W. (2010). Economics, psychology and the history of consumer choice theory. *Cambridge Journal of Economics*. 34(4). 633-648
- Harvey, D. (2009). Their Crisis, Our Challenge. *Red Pepper*, March, 2009.
- Hayek, F. A. von. (1944). *The Road to Serfdom*. pp. viii. 184. G. Routledge & Sons: London.
- Heukelom, F. (2006). Kahneman and Tversky and the Origin of Behavioural Economics. *Tinbergen Institute Discussion Paper*.
- Heukelom, F. (2010). Measurement and decision making at the University of Michigan in the 1950s and 1960s. *Journal of the History of the Behavioral Sciences*, 46(2), 189-207.
- Hirschman, A. (1977). *The Passions and the Interests: Political Arguments for Capitalism Before Its Triumph*. Princeton: Princeton University Press
- Innes, J. E. (1989). *Knowledge and Public Policy: The Search for Meaningful Indicators* (2nd ed.). New Brunswick, U.S.A: Transaction Publishers.
- Jessop, B. (2002). *The Future of Capitalist State*. Oxford: Polity.

- Kahneman, Daniel, & Sugden, R. (2005). Experienced Utility as a Standard of Policy Evaluation. *Environmental and Resource Economics*, 32(1), 161-181.
- Kant, I. (1970a). An Answer to the Question 'What is Enlightenment'. In *Kant's Political Writings; Edited with an Introduction and Notes by Hans Reiss; Translated by H. B. Nisbet*. London: Cambridge University Press.
- Kant, I. (1970b) Idea for a Universal History with a Cosmopolitan Purpose. In *Kant's Political Writings; Edited with an Introduction and Notes by Hans Reiss; Translated by H. B. Nisbet*. London: Cambridge University Press.
- Krugman, P. (1994).
- Layard, P. R. G. (2005). *Happiness: Lessons from a New Science*. London: Allen Lane.
- Meyer, J. W., & Rowan, B. (1977). Institutionalized Organizations: Formal Structure as Myth and Ceremony. *American Journal of Sociology*, 83(2), 340-363.
- Matheson, J. (2010). Transcript of Jil Matheson's Speech about Measuring National Well-being given on 25th November 2011'.
- Mirowski, P. (2009) Postface: Defining Neoliberalism. In Mirowski P. & Plehwe, D. (2009).
- Mirowski P. & Plehwe, D. (2009). *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective*. (2009). Cambridge, Mass: Harvard University Press.
- Mitchell T. (1998). Fixing the Economy. *Cultural Studies*, 12, 82-101.
- Nussbaum, M. & Sen, A. (1993) *Quality of Life*. Oxford University Press
- ONS (2010). 'Consultation: Measuring national well-being'
- ONS (2011). 'Measuring National Wellbeing Technical Advisory Group: Terms of reference'
- Osborne, T., & Rose, N. (1999). Do the social sciences create phenomena?: the example of public opinion research. *British Journal of Sociology*, 50(3), 367–396.
- Peck, J., Theodore, N., & Brenner, N. (2010). Postneoliberalism and its Malcontents. *Antipode*, 41, 94-116.
- Perlman, M. (1987). Political Purpose and the National Accounts. In Alonso, W. & Starr, P. (1987). *The Politics of Numbers*. Russell Sage Foundation
- Polanyi, K. (1957). *The Great Transformation: The Political and Economic Origins of Our Time*. Boston: Beacon Press.
- Rose, Nikolas. (1996). *Inventing Our Selves: Psychology, Power, and Personhood*.

Cambridge: Cambridge University Press

- Satz, D. (2010). *Why Some Things Should Not Be For Sale: The Moral Limits of Markets*.
Oxford: Oxford University Press
- Schumpeter, J. (1976). *Capitalism, Socialism and Democracy*. London: Allen & Unwin
- Stiglitz, J., Sen, A. & Fitoussi, J. (2009). Report by the Commission on the Measurement of Economic Performance and Social Progress.
- Sum, N.-L. (2009). The production of hegemonic policy discourses: “competitiveness” as a knowledge brand and its (re-)contextualizations. *Critical Policy Studies*, 3(2), 184.
- Thaler, R. H. (2008). *Nudge: Improving Decisions About Health, Wealth, and Happiness*.
New Haven, Conn: Yale University Press.
- Thrift, N. J. (2005). *Knowing Capitalism*. London: SAGE Publications.
- Van Horn, R. (2011). Chicago’s Shifting Attitude Toward Concentrations of Business Power (1934–1962). *Seattle University Law Review*, 34: 4
- Weber, M. (1991a). Science as a Vocation. In *From Max Weber: Essays in Sociology* (New ed.). London: Routledge.
- Weber, M. (1991b). Politics as a Vocation. In *From Max Weber: Essays in Sociology* (New ed.). London: Routledge.
- Weber, M. (2002). *The Protestant Ethic and the “spirit” of Capitalism and Other Writings*.
London: Penguin.
- Wilkinson, R. G. & Pickett, R. (2009). *The Spirit Level: Why More Equal Societies Almost Always Do Better*. London: Allen Lane.
- World Economic Forum (2011). *Global Competitiveness Report, 2011*.