Late neoliberalism

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DOI:

[10.1177/0261018316653552](https://doi.org/10.1177/0261018316653552)

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Document Version

Peer reviewed version

Citation for published version (Harvard):

McGimpsey, I 2017, 'Late neoliberalism: delineating a policy regime', *Critical Social Policy*, vol. 37, no. 1, pp. 64-84. <https://doi.org/10.1177/0261018316653552>

[Link to publication on Research at Birmingham portal](#)

Publisher Rights Statement:

Checked for eligibility: 02/08/2016

Version of Record available at: <http://dx.doi.org/10.1177/0261018316653552>

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Title

Late neoliberalism: delineating a policy regime

Abstract

In the aftermath of the financial crisis, policy-making in post-industrial nations has been widely characterised in terms of austerity. Yet this provides an insufficient basis for an understanding of social policy-making at this time. I argue for a 'late neoliberal' phase distinguished by a change in the regime governing the emergence of public service formations. I work from the example of UK policy discourse to demonstrate how in late neoliberalism austerity, social investment and localism operate in conjunction. Beyond fiscal constraint, this conjunction serves to move social policy on from 'quasi-marketisation' to reflect more closely the logic and forms of finance capital. The effects of this change can be seen in the reconstitution of 'value' in public services, how capital is distributed, and in the subjectivating force of policy. Ultimately late neoliberalism serves to sustain and reproduce familiar relations of domination.

Keywords

Austerity, social investment, localism, public services

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Introduction

The international financial crisis of 2008 and subsequent recessions precipitated a discontinuity in neoliberal policy-making in Western nations, with the phase that followed widely referred to in terms of 'austerity' (Clarke and Newman, 2012). However, 'austerity' is not wholly sufficient to understand the current phase of policy-making. Associated with this same period are other important policy moves with respect to civil society and the 'local' (Sage, 2012; Harris, 2010) and the growing prominence of 'social investment' (Bovaird, 2014; Harlock, 2014). I argue these and related developments are mutually implicated in the emergence of 'late-neoliberalism' as a distinct phase of policy-making.

The distinction of this late neoliberal policy-making phase carries parallels with depictions of prior shifts from 'welfare state' bureaucratic administration to 'market state' competitive mechanisms of public service provision. However, drawing on Deleuze (1992b) and Foucault (2010) I argue that changes of 'regime' are not best understood using analytic distinctions between 'states'. Rather, moving from a 'philosophy of social apparatuses' (Deleuze, 1992b: 163), I characterise the 'late-neoliberal' phase of policy-making as a change in the regime governing the emergence of public service formations. Looking at public services as 'assemblages' we can understand austerity policy-making as a transnational and situated discursive and material emergence following on a history of decentralization, privatization and marketization (Peck, 2012). The characteristics of this emergence, however, go beyond fiscal constraint to reflect the logic and imagination of finance capital.

One of the sustained themes of critical writing from this perspective is the role of public service institutions in the production of neoliberal subjects. That is to say, associated with

regimes of power are historically distinct processes of 'subjectivation', or the regulation of subjects':

....relations with themselves and with others...who they thought they were, what they wanted to be, the languages and norms according to which they judged themselves and were judged by others, the actions they took upon themselves and that others might take...' (Miller and Rose, 2008: loc. 258).

Such regulated production is undertaken in public service institutions (though not only in public service institutions) through specific techniques and practices of observation, measurement, recording, evaluation, judgement, and correction (Foucault, 1977). Thus the emergence of a late-neoliberal policy-making phase that differently governs the emergence of public service formations might be expected to have significant implications for subjectivation.

The late-neoliberal phase can be said, then, to concern a change of regime governing public service assemblages, and specifically to involve: shifts in policy discourse that involve the changing constitution of value in public services; changes to the distribution of monetary capital to suppliers of public services; reforms to the institutional field of supply; technologies of knowledge production; and the 'becomings' of the subjects of public services.

From welfarist to late-neoliberal policy making

Policy making in developed economies since the 1980s has been widely described as 'post-welfarist' or 'neoliberal' (Harvey, 2005). During this period the quasi-market succeeded bureaucratic institutional structures as a characteristic mechanism and legitimating form for

the allocation of resources from central state to local providers (Gerwitz, 1997: 220-221; Whitty, 1997; Whitty et al., 1998). Market competition and logic came to shape the value, purpose and practice of provision (Le Grand, 2001), instantiating newly dominant principles of individualised instrumentalism, effectiveness and efficiency in public services (Ball, 2001). The progressive 'commodification' (Lyotard, 1984: 4-5) of public services ensured that services produced 'value' in a form that can be circulated within quasi-markets. These changes were enabled and intensified as funding has been reconstituted through output-focused contracts won via competitive commissioning processes. Such processes are a means of increasing the scale of private organisations' involvement in public service provision (privatization), and under New Labour were used to scale-up public services overall (Harris, 2010: 36). The 'autonomous' operation of private providers in public service provision was monitored and regulated through New Public Management techniques (Bovaird, 2014), and made accountable to the emerging consumer citizen through mechanisms of information distribution (such as school league tables) and 'choice'.

The expanded role of private organisations in providing public services is an effect of neoliberalism that manifests in various ways internationally (Wagner, 2000), and has had a significant impact on the organisation of civil society in the UK. Foundational to the neoliberal phase of policy making has been the establishment of the 'purchaser/provider split' (Bovaird, 2014) whereby the state and private organisations are relationally repositioned and reconstituted through public service supply. Evidence from the National Council for Voluntary Organisations (NCVO, 2015) demonstrates the significance of this trend in the UK, showing that government funding to the voluntary sector for public service supply consistently rose in the period leading up to the financial crisis. These rises mostly took the form of 'earned income', which in 2003 became the largest source of capital

received by the UK voluntary sector, while grant income from government fell substantially during the same period.

As the provision of public services was reconstituted through the progressive application of market principles and preference for private sector suppliers, the rationale for funding public services has been rearticulated through instrumentalist, individualised discourses such as 'social exclusion' and the 'knowledge economy' (Tomlinson, 2013). This in turn has altered the subjectivating force of the micro-practices of public service institutions (Youdell, 2006; Ball, 2003; Youdell, 2011), as the rational, pragmatic figures of the (citizen) consumer; the (state) purchaser; the (private) provider; and the excluded, irrational citizen are all produced as effects of the neoliberal policy regime (Olssen, 1996).

The quasi-market might be said to have functioned as the characteristic 'diagram' (Deleuze and Guatari, 2004b) of a specific neoliberal regime, conditioning (though not in a narrowly deterministic fashion) the production of discourse, institutional morphology and subjectivity. However, the financial crisis of 2008 precipitated profound uncertainty across post-industrial nations regarding the sustainability of the neoliberal 'state' in a newly emerging global economic order. The fiscal year of 2007/8 could be regarded as both the apex of this particular neoliberal regime and a threshold marking a point of crossing into a different 'late-neoliberal' policy-making phase governed by a distinctive regime and characterised by a different diagram.

Conceptualising neoliberal policy-making after the financial crisis

The transition to a post-welfarist, neoliberal policy-making phase and the delineation of subsequent phases within neoliberal policy-making have commonly been represented through 'organismic metaphor' (DeLanda, 2006: 8) as successive forms of 'the state'. This

organismic mode of representation has been fundamental to modern sociological and political literatures and undoubtedly retains rhetorical power. 'The state' presented as a reified, totalized object that contains the social (Jessop, 2007: loc. 217) enables a series of explanatory moves regarding macro-political, -social and -economic change. A prominent example is Bobbitt's staging of the 'market-state' (Bobbitt, 2002b) as a successor to the welfare state or 'nation-state'. The Bobbitt posits two 'states' distinguished on the 'basis on which [each] claims and retains power' (Bobbitt, 2002a). He represents a welfare state that legitimated its monopolisation of power on the basis that its purpose and function was to improve welfare through universally accessible public services and expand social and political rights (ibid.), though such representations have been subject to sustained contemporary and retrospective critique (Miller and Rose, 2008; Fraser, 1997; Offe, 1982). The successor market-state is legitimated on the basis of the equality of opportunity to compete. This changed 'state', it is said, 'characterizes and contains other changes to society and the economy' (Ainley, 2004: 497).

In such conceptualisations of 'the state' the self-evident quality of the whole ('the state') depends on consistency between that whole and its internal parts (the national economy, the electorate, classes, public services, national identity) (DeLanda, 2006: 9) . The compelling effect of such a representation is the state as a comprehensive and comprehensible unity, which in turn enables the manufacture of popular consent for austerity policy (Clarke and Newman, 2012). The state as unity underpins the successful presentation of a linear relation between a threat to existing arrangements (the cost of the existing public service apparatus) and a fix (austerity) that will sustain a legitimate 'state' that can contain a revised 'economy' and 'society'.

As an alternative to such organismic representations of 'states', I delineate the late neoliberal 'phase' of policy-making in terms of a 'new' 'regime'. Phase, regime, and newness are each drawn from Deleuze's concept of assemblage and Foucault's *dispositif*, and provide a language to critique the discursive operation of the austerity 'state' and account for policy as a force of subjectivation.

'Assemblages' refer to actually-existing symbolic and material formations at various levels of scale, from large and extensive to micro-levels of organisation. However, 'assemblage' does not just stand in for the institutional apparatus that comprises 'the state'. Nor does it refer only to an undifferentiated micro-political field of production (Hatcher and Troyna, 1994). Rather, 'assemblage' is a means of 'thinking structure as well as multiplicity and indeterminacy' (Venn, 2006: 107) within social formations. 'Assemblage' enables discussion of social, self, power and ethics based on an analysis of the productive conjunction of parts across orders of the material, the symbolic, and the subject (Deleuze, 1992b). Unlike the whole object of 'the state' and its relations of interiority, these are the productive interactions of parts without reference to wholes or essences. An assemblage implies a productive conjunction of parts, but not a particular arrangement. An apparent 'whole' such as 'the state' is just another part of an assemblage with particular productive potentials (Deleuze and Guatari, 2004a). 'Assemblage' thus rearticulates the terrain of analysis as an open, mobile and extensive field of productive relations, invigorated with potential.

This critical re-rendering of the centre of power of 'the state' as part of this mobile field of production in turn necessitates an alternative account of the regulation of social production, which Deleuze offers in his discussion of Foucault's *dispositif* (Deleuze, 1992b) through concepts of 'regime' and the 'new'.

‘Regime’ describes the generalised operation of power to regulate the emergence of social formations. The sense of regime depends on keeping in mind the potential multiplicity of production; that any actualisation might be ‘otherwise’, but that how things are is not simply arbitrary or a random emergence from complexity but an effect of power. A regime, then, is the effect of a systemic exclusion of potential variability in production along material, discursive and subject lines (Foucault, 2013: 1-2; Deleuze, 1992b: 159). As an analytic tool, regime sensitizes us to the operation of power to repress difference in the face of immanent variance, openness and positivity.

This continual play of difference and repression further implies a methodological ‘change in orientation which turns one's interest away from the Eternal and towards the new’ (Deleuze, 1992b: 163). Again, the ‘new’ here is concerned less with ‘originality’ (of discourse, subjectivity or institutional form) and more with distributions and changes in the variability of production. As such, the question of delineating a ‘new regime’ is one of understanding a difference in the regulation of the distribution of productions, with a concern for the effects of that change with respect to domination and the repression of possible becomings across material, symbolic and subjective lines of variability.

As briefly indicated earlier through the example of the quasi-market, the pattern of such a regulation of distributions can be represented as a ‘diagram’, in the sense that the quasi-market was the diagram characteristic of a neoliberal phase. Which is to say, it is possible to trace the lines of systemic exclusion of difference, but that such a diagram does not determine or fix in place, rather working more dynamically within local material relations. A diagram ‘plays a piloting role...it does not function to represent, even something real, but rather constructs a real that is yet to come’ (Deleuze and Guatari, 2004b: 157). This

diagrammatic operation enables a regime to be contingent, dynamic and modulating as it enters that production into a 'strategic situation' for the reproduction of relations of domination (Foucault, 1982: 795).

Of the regulatory work a regime does, it is the regulation of the variability of subjectivities that has particularly powerful implications for liveable being. In tracing the diagram of late-neoliberalism, then, the distinctive subjectivating force of this regime perhaps deserves particular emphasis. What differences are repressed in this regime? How intensely are they repressed? To what extent does a regime allow for 'newness', particularly where that newness might result in a change to the regime itself? In short, what are the possibilities for late-neoliberal 'becomings' (Youngblood Jackson, 2010: 581)?

I use the language of 'phase' to describe the history of regimes. If new regimes are understood to emerge from time to time, then a named phase (such as late-neoliberalism) refers to the period of operation of a particular regime. Stephen Ball has previously suggested that we regard the neoliberal policy-making beginning in the 1980s as usefully delineated in three distinct phases: 'classic...small state' neoliberalism; 'post-neoliberalism' in which the [market] state acts as a 'powerhouse of public sector reform'; and following post-neoliberalism, austerity marks 'another change of emphasis' (Ball, 2012: 95). Ball's argument has a characteristic Foucaultian methodological orientation towards analysis as a 'history of the present' (Ball, 2013), specifically characterised by the intolerabilities of 'austerity'. Thus the latter 'change in emphasis' is understood in its continuities with the (neo)liberalisms of the 1980s and late-Victorian periods.

However, my use of 'phases' is also meant to resist a sense of late-neoliberalism as a bounded period, another abstract totality, from which is derived a representation of the

austerity 'state'. While I largely agree with Ball's distinction of three phases within neoliberalism, in order to be specific about this latter 'change in emphasis' it is important to understand and represent phases of policy that are more like a *phasing*. That is, as a re-articulation of existing parts according to a regime that in the process realises different capacities from them. Such productive potentials are actualised contingently, far from cleanly, and only to a degree progressively as the social formation changes. Phases may be distinct *but are not separate*. Delineating the distinctiveness of this phase of policy-making, then, is inevitably an interpretive process involving an analytic and representative reorientation away from identifying what is (what *has been* produced) or what *should be* produced, and towards the interpretation of what is not yet but 'what we are in the process of becoming' (Deleuze, 1992b: 164). This is the basis of an effort to represent how what is is strategically (re)worked *and* what possibilities for being that allows.

The late-neoliberal policy regime

Austerity in late-neoliberal policy discourse

Austerity is a long standing feature of liberal economic policy (Harvey, 2005), however in post-industrial nations after the financial crisis of 2008 it has had a particular discursive function in an official, transnationally reproduced narrative of transitions between 'states'. In this narrative, austerity initially threatens the self-evident quality of the market-state by signifying that state's inability to sustain either stable economic conditions in its relations to private capital (notably in its regulatory function) or the largely quasi-marketised public service apparatus. However, austerity is subsequently recouped and rearticulated as a means of restoring the market-state in a revised form. To resolve the crisis of the market-state, austerity articulates with two further elements of policy discourse: i) 'civil society'

reconceived as a local scale of spatial organisation in which public service provision is undertaken; and ii) the logics and technological innovations of finance capital. It is this articulation with these elements that enables the emergence in policy discourse of variously revised and renamed market-states. Proposed as resolutions to the contradictions exposed by austerity, these re-iterations of 'the state' are in effect arguments for the continuing legitimacy of the market as a modality of government in the face of austerity as the new normal.

Common across revised propositions for 'the state' is a reinvigorated role for civil society in providing public services as the state apparatus is reduced and withdrawn. In UK policy discourse this reinvigorated and redirected 'local' is variously referred to as the 'Big Society', civil society or localism, and has emerged as a sustained theme following the crisis (Sage, 2012; Youdell and McGimpsey, 2015; Harris, 2010). Since 2010 the UK government has had a 'Minister for Civil Society' whose remit includes 'the Big Society agenda', 'civil society sector support' and 'social enterprise and social investment' (Cabinet Office, 2015). And influential UK policy think tanks have presented ideas such as the 'civic state' (Blond, 2010), the 'relational state' (IPPR, 2012), and the 'enabling state' (Wallace, 2013), each emphasising the use of productive capacity realised at local scales of organisation in the provision of public services. I will offer more detail on the reformations of civil society as a field of public service supply in the section on capital distributions below. However, at a policy discursive level the articulation of austerity and civil society or localism broadly entails two elements. One is a reconceived definition by governments of 'civil society' or 'civic' organisations, for which the only criteria provided '[is] their role in public service provision' (Cabinet Office, 2010: 5), which in turn blurs distinctions between for-profit, not-for-profit, and statutory providers. The second is a concept of 'co-production', which in general

designates a systemic conjunction of civil and state institutions to make greater use of voluntary effort, community organisation and local social relations. Co-production processes can be referred to in policy texts through terms such as 'co-design', 'co-commissioning', and 'co-delivery' (Bovaird and Loeffler, 2012: 3-4) according to 'who is co-producing; how many people are involved; at what stage co-production takes place; what is contributed; and how co-production relates to other forms of citizen participation' (Durose et al., 2014: 3). A wide range of policy tools and practices are used to enact 'co-productive' processes, for example participatory processes in commissioning, budget setting and funding, incorporating user knowledge and experience in service design processes, the transfer of public assets or managerial responsibilities to civic institutions, and direct participation in the provision of services. Thus the appropriation of capital and labour in the civil sphere by a revised market-state is not only an extension of neoliberal privatizing tendencies but also a fix for a 'market-state' undermined by the instability of globalised financial markets, service cuts, reduced living standards and heightened inequality. In late-neoliberalism, even as the application of fiscal tightening by nation states openly exposes contradictions of the market-state (Fontana and Sawyer, 2011; Clarke and Newman, 2012), 'austerity' operates discursively in conjunction with 'civil society' as a means of maintaining cohesive internal relations of (a form of) the market-state.

Austerity has also operated discursively in conjunction with 'social investment'. Social investment rearticulates some of the standard assumptions of quasi-marketised public sector arrangements. In the quasi-market, service provision is an input/output system (Bovaird, 2014; Rees, 2014) in which value is calculated on the basis of a coefficient of inputs and outputs, emphasising efficiency and effectiveness in production. Social investment rearticulates the core notion of 'value' in terms of 'return on investment', shifting the

emphasis from outputs to 'impact' made on longer term 'outcomes', where an outcome is the desirable result a policy maker believes will ultimately follow from the supply of an output (LSE Enterprise, 2014). In essence, the productive capital imaginary of the public service as factory is reconstituted in a finance capital imaginary as a form of futures market (Harvey, 2014; Jameson, 1997), based on returns from investment in a reconstituted local civil society.

While notions of social investment predate the financial crisis, it has risen to policy prominence in the aftermath (Rees, 2014). The UK government has been particularly active in integrating social investment into policy discourse (Bovaird, 2014) and legal frameworks (HM Government, 2012), and in 2013 the world's first 'Social Stock Exchange' was launched in London dedicated to the facilitation of 'impact investing' and the achievement of 'Profit with Progress' (Social Stock Exchange, 2015). The transnational implications of social investment are underlined by the efforts of the UK government to insert the policy into the globalized flows of neoliberal policy discourse (Lingard, 2010; Ochs, 2006; Phillips and Ochs, 2010; Steiner-Khamsi, 2006). As Prime Minister David Cameron put it in a speech to 'the world's top social entrepreneurs and investors':

'We've got a great idea here that can transform our societies, by using the power of finance to tackle the most difficult social problems. Problems that have frustrated government after government, country after country, generation after generation. Issues like drug abuse, youth unemployment, homelessness and even global poverty. The potential for social investment is that big. So I want to make it a success in Britain and I want to sell it all over the world.' (Cameron, 2013)

In a prescient piece on the appearance of social investment in policy discourse in the mid-2000s, Newman and McKee (2005) envisaged a 'social investment state' as a potential fix for problems associated with neoliberal policy-making. They argued that 'social investment' could disrupt the neoliberal market-state's rigid application of the quasi-market and associated audit technologies by valuing investment in longer-term social outcomes and professional autonomy over short-term efficiency and effectiveness and managerialist technicism. However, in its articulation in conjunction with austerity and localism there is little evidence to suggest these potentials have been realised. Rather, deploying the 'power of finance' in the public service assemblage has entailed an articulation of value and application of regulatory technologies that are distinctively late-neoliberal.

Late-neoliberal articulations of value

Immediately following the financial crisis, austerity functioned discursively to shift the locus of the crisis from private debt and reckless governance in the financial sector to levels of public spending and accumulation of government debt (Clarke and Newman, 2012). In these moves the large-scale nationalisation of private debt by governments during 2008 and the impossibility of guarantee against future such shocks came to constitute a national, existential economic *necessity* of a downward trajectory on the scale of public sector spending¹. As the financial crisis and subsequent recessions have assumed the character of historical events rather than current affairs, austerity has continued to restructure the moral terrain on which policy is judged, valorising restricted flows of state capital to public services as a means of reducing public deficit and debt (though public consent for such measures is uneven within and across post-industrial territories). At the same time, as seen in the various revisions of the market-state listed above, many of the (what Ball would call) post-

neoliberal justifications for public spending remain necessary to its legitimation, namely: the importance of success in international competition for private investment; social order; and the value of individual opportunity, for example through human capital development. As such, the re-articulation of value in late neoliberalism has come to be produced through longer-term imperatives *for and against* spending on public services.

Specifically, in their articulation with austerity social investment markets have taken on a distinct notion of 'return on investment' that resolves tensions between population wellbeing and public fiscal constraint by constituting the 'outcomes' investment seeks as long-term reductions in demand for, and therefore supply of, public services. A prominent example in UK policy has been the notion of 'smart investment' in Early Years provision. In a series of two reports in 2011, Member of Parliament Graeme Allen made the case for 'investment' in Early Years provision that would result in 'prevention' (Allen, 2011) of individual negative outcomes in later life (such as unemployment and physical and mental ill-health) that would ultimately cost the state more money to respond to. Through a form of actuarial calculation of future public service spending, the achievement of 'measureable outcomes' can be demonstrated to have 'cashable returns' for the state (Allen, 2011). These important reports that have guided UK 'government's policies in relation to child poverty and social mobility' (Grover and Mason, 2013: 355) have been subject to notable critique for their arguable use of evidence, particularly from neuroscience (Wastell and White, 2012), in order to locate the production of social problems in the practices of working-class mothers. However, it is the logic of 'measureable outcomes and associated cashable savings' as the basis for 'outcome-based contracts and...social investment' (Allen, 2011: xxvi) that I wish to note here. That logic is straightforwardly illustrated on the front cover of the report *Early Intervention: Smart Investment, Massive Savings* (see fig. 1) that depicts piles of gold bars

inscribed with social problems next to a small brain (the result of a lack of investment in Early Intervention services), and a larger brain (the result of investment) next to the single, small gold bar marked 'Early Intervention' – the 'return' for 'smart investment'.

Fig. 1 – Front cover of Early Intervention: Smart Investment, Massive Savings

As Prime Minister David Cameron put it, the principle of value in this conjunction of austerity and social investment '...is simple. When it succeeds, investors are paid from the savings to the taxpayer, but if it doesn't work, the taxpayer doesn't pay a penny' (Cameron, 2013).

Though at the discursive level the re-articulation of value in these terms drawn from finance capital may be simple, perhaps crude, implementation within the public service assemblage is more difficult, necessitating a related series of legal changes, and new measurement and contracting technologies. Thus, just as the legal enforcement of quasi-market mechanisms embedded the discursive production of the 'purchaser/provider split' (Bovaird, 2014: 2), there have already been legislative changes affecting the commissioning of public services to emphasise measures of social value (HM Government, 2012). Further, measurements of 'impact' on longer term 'outcomes' are increasingly produced and circulated utilising the array of evaluation 'toolkits' that have recently emerged containing techniques for the production of knowledges of financialised return on investment (Harlock, 2013). In the use of such toolkits, the outcomes of public service interventions come to be expressed as a financial return in the form of 'one pound spent now on a public service realises several pounds of value for the state [in the future]' (Harlock, 2013). It is this production of knowledge of public service value that is increasingly required on the part of public service suppliers to compete successfully for investment funding (Arvidson and Kara, 2013). Finally, there has been a proliferation of financial vehicles and controls, notably the use by central government of outcomes-based 'payment-by-results' contracting mechanisms (HM Government, 2011c: 80), and the establishment of 'social investment bonds' envisaged as a form of funding for established service areas (see for example HM Government, 2011c). Unlike conventional supplier contracts, payment-by-results contracts stage payments to suppliers according to the achievement of outcomes (CLG, 2012). These contracts therefore require public service suppliers to be sufficiently capitalised to manage delayed and uneven cash flows. In effect, such technologies redistribute flows of state capital to 'investment ready' organisations: larger national charities, consortia or for-profit organisations. As such,

these are not simply minor technical revisions, but discursive and technological changes the effects of which are indicative of a change of regulatory regime. Capital is reconstituted and redistributed, and in the process the field of public service provision is reformed at the local scale.

Redistributing capital and reforming public service supply

There has been a progressive reconstitution of monetary flows as investment funding and of local public services as a site of social investment. While the broader global market for 'impact investing' (Puttick and Ludlow, 2012) has been estimated to be in the region of USD60 billion (J.P.Morgan and GIIN, 2015), UK central government has explicitly positioned itself as a 'market maker' (HM Government, 2011b: 23). This has involved the reconstitution of existing state capital flows to be directed to those service areas able to demonstrate a 'return'², and the formation of new private financing institutions that capitalise not-for-profit organisations through investment (Bagwell, 2012: 3). During the same period as austerity, 'impact investing' activity in the UK grew rapidly to over £600M by 2013 (Jones, 2013). The UK Government itself has provided most of this investment capital through the organisational vehicle of the 'Big Society Bank' (HM Government, 2011c: 80) and later 'Big Society Capital' (Big Society Capital, 2012).

The reform of the local scale of public service provision as a site of social investment has further involved a diminished emphasis on the demarcations of the voluntary (not-for-profit), private (for-profit) and statutory sectors in the provision of public services, in favour of a unified category of 'civil society' or 'civic' organisations. This unified category of civil society retains the rhetorical appeal to 'prototypical third sector organisation[s]...small, non-

professionalised, volunteer-only groups and activities' (MacMillan, 2012: 7) that know and cater to the needs of local citizens. Yet it is expanded to include hybrid organisations such as social enterprises and 'mutuals and co-operatives [that] are profit-making businesses, which operate for primarily commercial objectives' (Cabinet Office, 2010: 5). Further, in the late-neoliberal revision of the purchaser/provider split to incorporate investors, not only have categorical definitions of providers blurred but these providers are brought into new kinds of relationships with different players. For example Barclays, HSBC, Lloyds Banking Group and Royal Bank of Scotland are all shareholders in Big Society Capital (Big Society Capital, 2013).

Recent 'localism' legislation in the UK has further obscured these demarcations through the creation of a series of new 'rights' on the part of the any potential public service provider to demand the expansion of the private field of public service supply (DCLG, 2011). If such a provider can demonstrate its capacity to deliver better services than the local state, the local authority is legally obliged to initiate a commissioning process for that service (DCLG, 2011). Again, in conjunction with the late-neoliberal policy definition of 'civil society', while the rhetoric is of 'community' the detail of the Localism Act makes clear that in fact this is a mechanism for opening commissioning to a wide range of not-for-profit organisations and 'relevant' state employees (HM Government, 2011a: part 5, chapter 2, para. 81). Moreover, there are no clear restrictions on the relationships between not-for-profit and for-profit organisations as these powers are utilised.

The 'right' of actors to pursue the privatization of the local field of public sector supply is not only extended to non-statutory bodies. Public sector employees now have the right to 'form new mutuals and bid to take over the services they deliver', reconstituting public service

supply as employee-owned 'businesses' that will 'free up the often untapped entrepreneurial and innovative drive of public sector professionals' (HM Government, 2011b: 42-43). These legal re-definitions even extend to local government administration itself. Having previously been restricted by statute to acting 'only where the law says they can' (CLG, 2011: 4), local government administrations in the UK now have the power to act as 'individuals'. This power is:

'intended to change fundamentally the way local government behaves...to do anything apart from that which is specifically prohibited. This will result in greater innovation and a new, more confident and entrepreneurial approach...'

(Communities and Local Government, 2011: 1)

Thus, according to a diagram of social investment, we can see late-neoliberalism involving the reconstitution of the 'local' as an extensive 'investment-ready' field, with concomitant reformations and repositioning of various suppliers, local and central state institutions.

Late neoliberalism and the modulating subject

I have so far attempted to describe late-neoliberalism as a distinct phase of policy-making in which a finance capital imaginary has operated diagrammatically to engender discursive shifts, changes to the nature of capital and its distribution, changes to technologies of measurement, and reforms to the institutional field of supply. Finally, I will focus on subjectivation, and how this regime regulates subjects' becomings.

A trope of neoliberal discourse has been the agentic, individual, choosing, consuming and entrepreneurial subject. Indeed, the production of such subjects has arguably been a substantial aim of neoliberal policy discourse, through the instantiation of the categorical

distinction between the rational-included self-regulating agent and the irrational-excluded target for intervention (Olssen, 1996). Indeed, a long-standing feature of liberalism (including the 'welfare state') has been the production of the irrational-excluded subject as a site of governmental intervention as the 'other' in a constitutive relation to the included, rational 'same' (Rose, 1993). And it has been powerfully argued that neoliberalism has involved an intensification of such subjectivating forces (Foucault, 2013: 2), the extension of micro-disciplinary techniques and a raising of the social, emotional and material stakes for subjects as a means of closer regulation of subjectivity. For example, in the context of schooling Ball refers to the 'terrors of performativity' (Ball, 2003) whereby new modes of market competition, managerialist audit and appraisal work in combination to discipline teacher subjects' performances more closely. Beyond ensuring compliance, the quasi-marketising reforms of schooling in this sense concerned the regulated reform of teacher subjectivity itself.

I wish to argue that late-neoliberalism may involve an alteration in such subjectivating force within the public service assemblage. To be clear, the constitution of rational individual subjects through technologies of markets and managerialist compliance associated with prior phases of neoliberalism continues. However as we have seen, the late-neoliberal regime's diagram of the futures market engenders a reconstitution of value in the late-neoliberal public service assemblage whereby the measurement of 'outcomes' is required to demonstrate 'impact' (often in the form of reduced long-term costs to the state) and thereby secure a return on investment. This calculation of the value of an intervention in relation to investment has been associated with the 'translation' into policy discourse of a series of new knowledges of the subject: of their behaviours, social networks, health, psychological capacities, subjective wellbeing and so on (McGimpsey et al., forthcoming;

Bradbury et al., 2013). Taking again the example of interventions in the early years of a child's life, Graeme Allen's reports cited above are part of a wider translation of neuroscientific knowledge into policy discourse. Allen uses this translation to assert a relation (however inaccurately) of specific, measurable aspects of the subject, such as their experience of certain parenting practices during a 'critical phase' of infant brain development, to longer term outcomes. In this way, the projected cost of that subject to the state can be set against the cost of a targeted Early Years intervention. That is, the notion of smart social investments involves particular policy knowledges of the subject that enable the correlation of data points concerning aspects of individuals' lives with longer term social and economic outcomes. And associated with these logics are, of course, both *technologies* for the creation of abstracted data about subjects and *interventions*, that is some form of disciplinary technology by which these variables may be influenced.

In other words, late-neoliberalism enacts a 'dividualisation' (Deleuze, 1992a); a form of 'control' in which subjects are required through their becomings to produce codes in response to value calculated through variable exchange rates. These codes, these statistical measures of 'outcome', are correlated with the likelihood of specific adult outcomes that in turn have a calculated financial value based on reduced cost of future public service provision. Through contracting technologies and social investment products, reciprocal flows of knowledge and monetary capital are established, with the rates of exchange calculated on the basis of projected future economic benefit or reduced outlay on public services. Thus in the late neoliberal public service assemblage the address of the individual rational subject is increasingly supplemented by a constantly modulating 'dividualist' demand for productions of indicators of 'outcomes' required to sustain these flows of capital. The concern must be that in an escalating emergence of the late neoliberal public

service assemblage, such dividualisation intensifies the regulatory force applied to subjects, and sanctions the production of new, finer, more precise sites of regulation.

Conclusion

‘Austerity’ is a common but inadequate characterisation of the phase of policy-making in post-industrial nations following the financial crisis of 2007/8. I have argued for the importance of the delineation of this phase to produce an account of a distinct late neoliberal regime of policy-making in which austerity, civil society or ‘localism’, and social investment operate in conjunction. This conjunction results in a distinct regulation of production across a number of orders – discursive, technological, institutional, and subjective – according to a ‘diagram’ that draws more on finance capital than the quasi-marketising model of productive capital on which prior phases of neoliberalism were based. As a result, there is evidence of a ‘phasing’ taking place, of the emergence of a distinctively late-neoliberal public service assemblage that can be understood in the conjunctions of capital flows, knowledge, laws, evaluative technologies, organisational forms and subjectivations.

Judith Butler (2004) invites us to consider the consolidation of a public sphere through constraint or exclusion of difference as a strategic operation of power to cover over a traumatic exposure of vulnerability. In the aftermath of financial crisis we see just such a consolidation in the moral imperative of ‘austerity’ to which there is no alternative. However, ‘austerity’ and its associated revisions of the market-state have come to involve a further covering over of the productive, reforming work of the late-neoliberal regime as it develops new regulatory mechanisms and further constrains possibilities for becoming. I

have sought to demonstrate that the conceptual language of a philosophy of social apparatuses provides useful tools for critical analysis at this time. Using these tools, I suggest late-neoliberalism as a regime that defines a phase of policy-making following the financial crisis of 2007/8 and seek to highlight the intolerance, inequity, and constraint on difference that are its effects.

Funding

This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

Acknowledgements

Thanks to Deborah Youdell and the anonymous reviewers for their comments on an earlier draft of this article.

Notes

1. In the aftermath of the financial crisis, there were prominent public discussions not only of the end of capitalism, but of the (offensively named) 'PIIGS' economies, referring to the 'southern European' economies of Portugal, Italy, Ireland and Spain which were held out as both requiring the rapid and severe application of austerity as a corrective to apparently profligate public spending, and as a threatening possible future to publics in northern European economies such as the UK if austerity was resisted (for examples of media coverage see Atkinson, 2010; The Conversation, 2015; Inman, 2015; Bootle, 2010; The Economist, 2010).

2. For an examination of such a reconstitution and redirection of over £2billion of state capital in the formation of the Early Intervention Grant see McGimpsey (2013).

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