

Neoliberalization: States, Networks, Peoples

Edited by
Kim England and Kevin Ward



Neoliberalization

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In memory of:

Graham Ward (16 August 1946 – 23 November 2002)
Judith Ward (15 November 1987 – 4 July 2003)

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Preface

Were you in New Orleans in March 2003, at that year's Association of American Geographers (AAG) conference? Or perhaps you were in Philadelphia in March 2004, Denver in March 2005, or Chicago in March 2006, at those years' Association of American Geographers conferences? If you were at any of these events you might have been struck by the large number of panels and paper sessions that were organized on or around the theme of "neoliberalism." The same could be said about the last few conferences of the Royal Geographical Society with the Institute of British Geographers. Academics working on issues that, on first glance at least, seemed largely unconnected, such as the restructuring of the UK healthcare sector and the policies pursued in the name of "development" in South West Mexico, have suddenly found themselves part of a much larger conversation, one that some at least have found deeply problematic (Castree 2006). No one appears to have been immune. The great and the good, those gatekeepers of the discipline, faculty and postgraduates alike, have set about analyzing, dissecting, and unpacking the term, and what it might mean for their own area of expertise. Reflecting on her attendance at just such a panel at the 2003 AAG, Wendy Larner (2003: 509) asked, "what was this thing called neoliberalism that everyone was talking about?"

Uncomfortable with how the term was being used, she cautioned those working on its further explication to take care. She contended, referencing similar concerns voiced by Gibson-Graham (1996) over the conversations and discussions around the term "globalization," that those who talked and wrote about neoliberalism risked naturalizing "it." To avoid this, which was both intellectually and politically imperative, Larner (2003: 512) pleaded that those of us working

on its excavation and refinement should “overcome the fear and hopelessness generated by monolithic accounts of the ‘neoliberal’ project.”

In areas such as cultural geography, development studies, political ecology, and urban political economy, between which there have not always been too many conversations in the past, suddenly there was common ground. Neoliberalism brought together those of us – and we include ourselves – working in apparently, at least on face value, different areas of the discipline. And, of course, reflective of the times in which we live and work, the dialogue over neoliberalism was transdisciplinary. It involved geographers engaging with work produced in cognate disciplines, such as anthropology, economics, gender studies, planning, political science, and sociology.

It was in this academic context that the two of us were thrown together. We met, for the first time, in May 2002, at a Worldwide Universities Network workshop on neoliberalism, organized by Jamie Peck of the University of Wisconsin-Madison and Adam Tickell of the University of Bristol. This event took place against the backdrop of the quintessential English university town of Bristol, a setting that provided a fine context in which to mix academic and social performances. The workshop brought together a range of different types of geographers and geographies. The focus was on exploring the possibility that some of us might begin collaborating on understanding the different aspects of neoliberalism. We are not sure what else came out of this two-day event, but after jointly chairing a session, at the request of the organizers, we continued our dialogue for some months, and decided to organize a panel session at the 2003 AAG – one we guess that might have prompted Wendy Larner’s (2003) editorial! After this our conversations continued. At this time, much of the human geography work on neoliberalism that can now be seen had not yet appeared. We had to look outside the discipline for guidance, primarily to anthropologists, development economists, political scientists, and sociologists. Four of these guides – political scientist Mark Beeson, sociologist Wendy Larner, anthropologist Catherine Kingfisher, and anthropologist/planner Katharine Rankin – agreed to become involved in our book.

We met again in September 2003 at the annual conference of the RGS-IBG, and confirmed a book plan and structure. We finally landed our contract with the Antipode Book Series at Blackwell in the autumn of 2004. Of course, since we began this academic conversation the work published, in human geography and beyond, on neoliberalism and neoliberalization has grown tremendously. It seems at times that it is almost impossible to pick up a copy of a geography journal without at least one

article making reference to neoliberalism or neoliberalization. In addition to standalone pieces, there have also been a number of special editions of geography journals on aspects of neoliberalism, such as what it has meant to practicing development professionals (Bondi and Laurie 2005), for our understandings of nature and the environment (McCarthy and Prudham 2004), and for the state of economy and society in South and Latin America (Perreault and Martin 2005). This is in addition to the first systematic foray into analyzing neoliberalism geographically, where the emphasis was on urban and regional state formations in Western Europe and North America (Brenner and Theodore 2002a). At the same time, those working on unpacking neoliberalism from outside of human geography have continued to pursue a set of interrelated interests. A couple of examples will suffice. Political scientists and sociologists have explored neoliberalism in the context of other related debates, such as those over the path dependency of state for nations, economic and political growth trajectories, and the interrelationship between citizen, gender, governmentality, and power.

During the three months over which we wrote this preface, never mind the introduction and conclusions, as we passed versions between our two e-mail boxes, so we incorporated more into our arguments, and associated bibliographies. Of course, the growth of work on neoliberalism and neoliberalization, as it perhaps expands in a manner not too dissimilar to the processes that it seeks to explain, makes our job as editors both harder and easier: harder because we now have to engage with all the work that has been published in the past few years, from different theoretical standpoints, using different methods in different parts of the world. Not wishing to impose structure and coherence where none exist, nevertheless, summarizing the state of research in this rapidly expanding and diversifying field has proved a challenge. Easier, of course, because there is now more written on the subject, which means we have a richer set of work upon which to draw. There is, of course, also more disagreement over what is meant by the term “neoliberalism” and how best to conceptualize and to study “it,” if we can even think of “it” as an “it.” Is it a cultural, economic, political, or social formation, or all four? Is it a hegemonic project? Is it a set of governmental technologies? Or is it a set of experiments, without common objective, largely disconnected, and malleable in the extreme? Does it constitute less, more, or a new form of state regulation? Do those working out of the political economy tradition, who stress governance, or those working out of the governmentality tradition and drawing on the work of Foucault, offer the best way of analyzing neoliberalism? Or is some theoretical rapprochement between these two epistemologically,

methodologically, and theoretically different approaches possible, and desirable? The contributing authors to this edited collection try, in their own ways, to address some of these issues, as well as dealing with other intellectual challenges they set themselves during the course of their own chapters. They do so from different theoretical vantage points, writing about different parts of the world, often using different methodologies to write about neoliberalism. For one of the referees of this collection this “difference” was a problem. For others, however, this “difference” was a positive feature of the proposal. Perhaps not surprisingly, we err on the side of the latter.

In the producing of the collection we have accrued some intellectual debts, and it is time to acknowledge these. Thank you to the four referees who commented on the collection proposal. Together with the authors we have done our best to attend to your concerns. Three of you gave the proposal the “thumbs up.” One of you didn’t. We hope that in reading the finished product we convinced three of you that you were right and one of you that you were wrong. Noel Castree, as the editor of the Antipode Book Series, and then of the journal itself, supported its conception and oversaw its delivery. At the same time he too was drawn to intervene, to set out his thinking on neoliberalism and neoliberalization. Throughout the writing of the book he has done what all good editors – and overworked academics – do: stayed out of the way. Thanks Noel! Jacqueline Scott at Blackwell did a great job of encouraging us to submit without applying too much pressure, so thanks to her and her colleagues, Angela Cohen and Arnette Abel, all of whom have been admirably thorough and patient throughout the production process. It was important to both of us to publish as part of the Antipode Book Series. As the home for radical geography, the journal has published a lot of the work by geographers on neoliberalism. It was our hope that this collection would continue this intellectual lineage, and that once published it would sit comfortably alongside other books recently produced on the subject. The authors are also due our thanks. All have been a joy to work with. They commented on each others’ chapters in a positive and engaging manner, making the production of this volume a truly collective endeavor. We hope they like the final product.

Closer to home, our debts largely lie with our respective family members. For Kim the thanks go to Mark and to her son Owen; for Kevin the thanks go to Colette and to his son Jack. All four in their own ways offered advice, encouragement, and support. And Kim’s parents, Mariel and Stan, provided excellent editing assistance. As feminist economist Nancy Folbre (2001: xii) comments, “the invisible hand of the market depends on the invisible heart of care.”

1

Introduction: Reading Neoliberalization

Kevin Ward and Kim England

Ideologically, the novelty of the present situation stands out in historical view. It can be put like this. For the first time since the Reformation there are no longer any significant oppositions – that is systematic rival outlooks – within the thought-world of the West; and scarcely any on a world scale either . . . What limitations persist to its practice, neo-liberalism as a set of principles rules undivided across the globe; the most successful ideology in world history (Anderson 2000a: 17).

The dilemma we all face as citizens is that, with few exceptions here and there . . . neo-liberalism has swallowed up the world in its clutches, with grave consequences for democracy and the physical environment that can be neither underestimated nor dismissed (Said 2000: 1).

There has everywhere been an emphatic turn towards neo-liberalism in political-economic practices and thinking since the 1970s (Harvey 2005: 2).

Perry Anderson, Edward Said, and David Harvey. Three of the most well-regarded social scientists of their generation. Each has written about the origins, rise, and consequences of neoliberalism for different parts of the world. Tying it into wider discussions of globalization, American Imperialism, imperial hegemony, and Empire, these three public standard bearers of the Left have each provided insightful accounts of the current phase of capitalism. Was this convergence by three eminent thinkers not enough to get most scholars (those for whom this book is the primary, but hopefully not the exclusive audience) interested in neoliberalism, then surely the changes under way around

us should be. Rising inequalities of different types of capital – cultural, economic, environmental, social, and political – between as well within nations are frequently cited as tangible indicators of the imprint of neoliberalization. Wounds run deep and provide points of connection and alliances across space, across particular issues, even across perhaps otherwise disparate social groups, in ways that undermine the claims of those who remain committed to Margaret Thatcher’s famous assertion “there is no alternative” (TINA) (MacEwan 1999; Harvey 2005). Neoliberalism as a “radical-theoretical slogan” (Peck 2004: 403) might have its limits, but it does serve to unite. It offers a reference point, against which those who oppose it can define themselves, as Harvey (2006) has argued, for example as in the “another world is possible” maxim of the anti-capitalist-globalization movement, initially coined by the World Social Forum to capture its commitment to build alternatives to the free-market economics espoused by the World Economic Forum. As Susan George (2001: 4) put it (referring to Davos, Switzerland where the WEF meets annually): “*Homo davosiensis* wants all the resources, all the wealth, all the power and all the freedom to extend his ascendancy across time and space” (see Beneria 1999, for a feminist analysis of the Davos man). Neoliberalism – in spirit if not in words – also binds together those with a stake in its continued reproduction. Government ministers, venture capitalists, the chief executives of multinationals, the largest owners of the media, the officials in international institutions: all are involved in practicing neoliberalization (Bourdieu 1998; Harvey 2006). The consequences of the actions of the “transnational capital class,” as Leslie Skair (2000) terms them, can be seen around the world: on the streets of the poorest cities of the global South, in the former coalmines of Eastern Europe, and in the Latin American rural villages decimated economically by the slump in the global price of coffee. And yet, it remains politically important to constantly draw attention to the links between those in positions of power and the inequalities witnessed in geographically dispersed yet socially interconnected areas of the world.

Neoliberalism does appear to have become the ubiquitous political commonsense condition of recent years – used in all but name on the Right and used quite deliberately by those on the Left. Its widespread usage has led the sociologists Pierre Bourdieu and Loïs Wacquant (2001) to describe neoliberalism as a new “planetary vulgate.” Certainly now more is known about the personalities, the places, and the institutions involved in the transformation of neoliberalism from the “abstract intellectualism of Hayek and Friedman to the state-authored restructuring

projects of Thatcher and Reagan” (Peck and Tickell 2002: 41) and beyond, to what many consider, despite the protestations of Anthony Giddens (2000), to be neoliberalism with a friendly face – the Third Way of Britain’s Tony Blair, Gerhard Schröder in Germany, Australia’s Mark Latham, and Ricardo Lagos in Chile (see Larner, Le Heron, and Lewis, this volume, for a discussion of the Third Way in New Zealand). These developments suggested to us that the current moment provides an opportunity to take stock of what is known about neoliberalism in its many geographical configurations, to examine differences and similarities between how neoliberalism has been introduced, resisted, and challenged in particular contexts. And in turn, it offers the possibilities of reflecting on the meaning and usefulness of grand abstractions, such as “neoliberalism.” The two of us thought this would be a worthwhile exercise, in both political and intellectual terms. As the book’s title indicates, we make a distinction between neoliberalism as an end-state and neoliberalization as a *process*, consisting of a multiplicity of openings and closures. Adam Tickell and Jamie Peck (2003: 165) describe neoliberalization as being “contradictory, having the capacity to bring forth countertendencies, and as existing in historically and contingent forms . . . analyses of this process should properly focus on change – on systems and logics, dominant patterns of restructuring and so forth – rather than on binary and/or static comparisons between a past state and its erstwhile successor.” This collection, then, is intended to expose neoliberalization in all its variants, all its guises, all its hybrid formations, in all its subject-forming strands.

Increasingly, standard textbook definitions of neoliberalism are not hard to find, nor are accounts of how “it” went from the ideological wilderness to the political mainstream (see our summary in Table 1.1). Most writers refer to it as an economic and political orthodoxy marked by commitments to policies of free trade, privatization, deregulation, and welfare state retrenchment (MacEwan 1999; Peet and Hartwick 1999; Campbell and Pedersen 2001; Brenner and Theodore 2002a; Peck and Tickell 2002; Harvey 2005). The majority of accounts of the emergence of neoliberalism tend to focus on the reforms delivered by University of Chicago-educated economists in Latin America; or detail the structural adjustment programs of the International Monetary Fund and the World Bank. There are of course exceptions, such as the account offered by Jan Nederveen Pieterse (2004). He documents the reforms pursued in the American South as a means of offering an alternative account of the rise of neoliberalism. As he puts it, “the material matrix of real neo-liberalism is the American South . . . The Chicago School provided

Table 1.1 From philosophy to practices: details of neoliberalism

- A new expansion in time and space of the market: although there has been a global-scale market economy for centuries, neoliberals find new areas of marketization. This illustrates how neoliberalism differs from classic market liberalism. Adam Smith would not have believed that a free market was less of a free market because the shops are closed in the middle of the night: expansion of trading hours is a typically neoliberal policy. For neoliberals a 23-hour economy is already unjustifiable: nothing less than a 24-hour economy will satisfy them. They constantly expand the market at its margins.
- The emphasis on property, in classic and market liberalism, has been replaced by an emphasis on contracts. In the time of Adam Smith, property conferred status in itself: he would find it strange that entrepreneurs sometimes own no fixed assets, and lease the means of production.
- Contract maximalization is typically neoliberal: the privatization of the British railway network, formerly run by one state-owned company, led to 30,000 new contracts; most of these were probably generated by splitting services, which could have been included in block contracts. (A fanatic neoliberal would prefer not to buy a cup of coffee, but negotiate separately for each microliter.)
- The contract period is reduced, especially in the labor market, and so the frequency of contract change is increased. A service contract, for instance for office cleaning, might be reduced from a one-year to a three-month contract, then to a one-month contract. Contracts of employment are shorter and shorter, in effect forcing the employee to reapply for the job. This flexibilization means a qualitatively different working life: many more job applications spread throughout the working life. This was historically the norm in agriculture – day labor – but long-term labor contracts became standard after industrialization.
- Intensifying assessment, a development especially visible on the labor market, also intensifies market forces. Even within a contract period, an employee will be subject to continuous assessment. The use of specialized software in call centers has provided some extreme examples: the time employees spend at the toilet is measured in seconds: this information is used to pressure the employee to spend less time away from the terminal. Firms with contracts are also increasingly subject to continuous assessment procedures, made possible by information technology. For instance, courier services use tracking software and GPS technology to allow customers to locate their packages in transit. This is a typical example of the new hyper-provision of business information in neoliberal economies.
- New transaction-intensive markets are created on the model of the stock exchanges – electricity exchanges, telephone-minute exchanges. Typical for neoliberalism: there is no relationship between the growth in the number of transactions and the underlying production.
- New forms of auction are another method of creating transaction-intensive markets. Radio frequency auctions are an example. They replaced previous methods of allocation, especially licensing – a traditional method of allocating

(Continued)

Table 1.1 (Continued)

access to scarce goods with no clear private owner. The complex forms of frequency spectrum auctions have only been developed in the past few years. Neoliberals now see them as the only valid method of making such allocations: they dismiss all other methods as “beauty contests.”

- Artificial transactions are created, to increase the number and intensity of transactions. Large-scale derivative trading is a typically neoliberal phenomenon, although financial derivatives have existed for centuries. It is possible to trade options on shares: but it is also possible to create options on these options. This accumulation of transaction on transaction is characteristic of neoliberalism. New derivatives are created to be traded on the new exchanges – such as “electricity futures.” There is no limit to this expansion, except computer power, which grows rapidly anyway.
 - Automated trading, and the creation of virtual market-like structures, is neoliberal in the sense that they are an intensification of “transaction for transaction’s sake.”
 - This expansion of interactivity means that neoliberal societies are network societies, rather than the “open societies” of classic liberals. Formal equality and “access” are not enough for neoliberals: networks must be used to create links to other members of the society. This attitude has been accurately labeled “connectionist.”
 - Because of contract expansionism, **transaction costs** play an increasing role in the neoliberal economy. For instance, all those 30,000 contracts at British Rail had to be drafted by lawyers, all the assessments had to be done by assessors. There is always some cost of competition, which increases as the intensity of transactions increases. Neoliberalism has reached the point where these costs threaten to overwhelm the existing economy, destroying any economic gains from technological change, although this does not mean the system won’t survive, but merely that another solution will need to be found.
 - The growth of the **financial services sector** is related to these neoliberal characteristics, rather than to any inherent shift to service economies. The entire sector is itself a transaction cost: it was almost nonexistent in the centrally planned economies. In turn, it has created a huge demand for office space in the world’s financial centers. The expansion of the sector and its office employment are in direct contradiction of propaganda about “more efficiency and less bureaucracy” in the free market.
 - The speed of trading is increased. Online market data is expensive, yet it is now available free with a 15-minute delay. The markets move so fast that the data is worthless after 15 minutes: the companies can then give it away, as a form of advertising. Day-traders buy and sell shares in minutes. Automated trading programs, where the computer is linked direct to the stock exchange system, do it in seconds, or less. It is this increased speed that has led to the **huge nominal trading volumes** on the international currency markets, many times the gross world product on a yearly basis.
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(Continued)

Table 1.1 (Continued)

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- Certain functions arise which exist only inside a neoliberal free market – “derivative professions.” A good example is the profession of psychological-test coach. The intensity of assessment has increased, and firms now regularly use psychological tests to select candidates, even for intermediate-level jobs. So ambitious candidates pay to be trained how to pass these psychological tests. Competition in the neoliberal labor market itself creates the market for this service.
 - The creation of **sub-markets**, typically within an enterprise. Subcontracting is itself an old market practice, but was usually outside the firm. It is now standard practice for large companies to create competition among their constituent units. This practice is also capable of quasi-infinite extension, and its promotion is characteristic of neoliberalism. A few companies even required each individual employee to register as a business, and to compete with each other at the place of work. A large company can form literally millions of holdings, alliances, and joint ventures, using such one-person firms as building blocks.
 - Supplier maximalization: this extends the range of enterprises that compete for each contract. The ideal would be that every enterprise competes for every contract offered, maximizing competition and market forces. In the case of the labor market, the neoliberal ideal is the absolutely flexible and employable employee, who can (and does) apply for every vacancy. In reality, an individual cannot perform every kind of work – but there is a real development toward non-specialized enterprises, especially in the producer services sector. In neoliberalism, instead of the traditional “steel tycoon” or “newspaper baron” there are enterprises which “globally link people and knowledge, and cultures” or “advise and implement solutions to management issues.”
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Source: Treanor (2005: np)

an economic rationale and intellectual gloss to what was, and remains for the majority, a backward, conservative and impoverished economic condition” (Nederveen Pieterse 2004: 2). And then, of course, there are other accounts that argue for multiple developments and trajectories, in geographically discrete but increasingly interconnected places, in which the origins of neoliberalism cannot be reduced to the mere exporting of policies and programs from the US “diffusion centers” of New York and Washington (Wacquant 1999). Despite these differences in the accounts of what we might think of as the historical geographies of neoliberalism (Peck and Tickell 2002; Harvey 2005), there is some agreement over *baseline* definitions, at least regarding the philosophical and programmatic underpinnings of neoliberalism (see, for example, the well-known and frequently cited pieces by Elizabeth Martinez and Arnoldo Garcia 1997; and Susan George 2001).

Based on the Ricardian notion that countries, cities, and regions prosper when they specialize in producing goods and services for which they have the greatest comparative advantage, neoliberalism is “the doctrine that economic growth is maximized when movement of goods, services and capital, but not labor, are un-impeded by government regulations” (Peet 2001: 330, summarizing MacEwan 1999). We accept that this is a rather abstract definition, and, for instance, does not explicitly address issues such as the cutting of public expenditures on social services, the elimination of the concept of “public goods,” and the restructuring of the welfare state. However, these sorts of basic definitions are a useful starting point even if they seem more appropriately the stuff of neoclassical economic textbooks than of the empirical-cum-theoretical explications of contemporary neoliberalization. Remaining for the moment in the wholly abstract, neoliberalism, with its deepest roots in Adam Smith and newer roots in the work of Friedrich von Hayek and Milton Friedman, also has clear philosophical underpinnings. For instance:

Neo-liberalism is a philosophy in which the existence and operation of a market are valued in themselves, separately from any previous relationship with the production of goods and services, and without any attempt to justify them in terms of their effect on the production of goods and services; and where the operation of a market or market-like structure is seen as an ethic in itself, capable of acting as a guide for all human action, and substituting for all previously existing ethical beliefs (Treanor 2005: np).

Of course, in its translation into actually existing neoliberalism (Brenner and Theodore 2002a; K. Mitchell 2004) this philosophy becomes something “more complex, diverse, contested and open to interpretation than is often recognized” (Campbell and Pederson 2001: 3). Moreover, we agree with the political scientists Deborah Johnston and Alfredo Saad-Filho’s (2005: 1) contention that “[n]eoliberalism straddles a wide range of social, political, and economic phenomena at different levels of complexity” (see Table 1.1; see also Peet and Hartwick 1999).

In Table 1.1 we detail the foundational principles underscoring efforts to intensify and expand the market, by increasing the number, frequency, repeatability, and formalization of transactions (Harvey 2005). For many of us this is the stuff of dry textbooks. We recognize it, though, when the philosophy is translated into policy, in the form of the “liberalization,” the “privatization,” and the “re-regulation” of markets. The way these policies are restructured requires increased auditing and

evaluating – in other words, the mundane practices that Larner (2003) writes about, and these are as important in the becoming and accomplishment of neoliberalization (see Ward, this volume). There is evidence of this all around the world. The details are important and may suggest differences, but there are also similarities, discursively and materially, in the “restructuring” of markets for currency, energy, public services, transportation, and so on. These “neo-liberal policy fixes” (Peck 2001a: 448), while subject to critical scrutiny on their own terms, have only just begun to be elements in a wider study of the “pervasive meta-logic” (Peck and Tickell 2002: 36) that appears to be at work.

Once we move away from these basic philosophical and programmatic definitions of neoliberalism it becomes much harder to find definitional consensus (a theme we pick up later in this chapter and one explored by a number of the contributors). There almost appears to be an inverse relationship between the volume of scholarship produced on neoliberalism and the agreement over exactly what it means! Perhaps this is not that surprising. As academics from a range of social science disciplines (and increasingly the humanities) have pushed, prodded, and cajoled, asking the term “neoliberalism” to do more work for them, so we have become more attuned to its vagaries, its variations, its multiples. At the same time as the empirical gaze of geographers has widened to include analyses of neoliberalism and, for example, cities (Brenner and Theodore 2002b; N. Smith 2002; Hackworth 2004; L. Smith 2004; Leitner, Peck, and Sheppard 2006), citizenship (K. Mitchell 2004), development (Rankin 2004; Bondi and Laurie 2005), nature (Mansfield 2004; McCarthy and Prudham 2004; Bakker 2005), and sexuality (Hubbard 2004), so there has been a parallel movement around decoding the various meanings and understandings of neoliberalism. In particular, critical human geographers, including contributors to this collection, have already provided a series of geographically attuned accounts of the historical geographies of neoliberalism and, in doing so, have challenged a range of assumptions over the meanings of, and relations between, “cores” and “peripheries,” “north” and “south,” “center” and “margins” (for example, M. Power 2003; Rankin 2004; also see Rankin and Shakya, and Phelps, Power, and Wanjiru in this volume). These insights trouble otherwise excellent analyses in which space, place, and, particularly, geographical relationships are often absent (see, for example, MacEwan’s [1999] otherwise splendid account).

Thinking through the nature of the spatial relationships and how the movements of neoliberal ideas, policies, and programs “do not necessarily flow in the directions expected,” Wendy Larner (2003: 510) has