Belonging and Neoliberalism

Michel Feher, in conversation with James Graham[1]

James Graham I thought we might begin with the news. It's May 31, 2016, and over the past five days, over seven hundred migrants have drowned in three shipwrecks on the crossing between Libya and Italy.[2] This route has generally been the preferred one for migrants from Sub-Saharan Africa, though it's also expected that many Syrians and Iraqis will resume using the route now that several Eastern European countries are tightening border controls. The EU and Turkey, meanwhile, have struck an agreement—though it might be unraveling—which includes a somewhat remarkable quid pro quo: that Turkey will help stem the flow of refugees, provided that Turkish citizens receive the privilege of visa-free travel within Europe. It's hard to imagine a much clearer diagram than that of how "belonging" is negotiated and constituted at the state administrative level.

Michel Feher Widespread Euro-skepticism notwithstanding, there is arguably such a thing as a "European project," which involves turning Europe into a gated community for aging white asset holders. Utopian as it may seem, the achievement of such a project is a pretty brutal process, especially near the edges of the EU territory. The vast majority of refugees and migrants trying to reach European shores do not match the desired profile, which means that they can't be let in, while others who are already in Europe must be expelled for the same reason. Of course, the EU will never be fully gated and xenophobic policies are not going to make most of its white citizens more affluent—quite the contrary. But for European institutions, what matters is that they convey that they'll do what they can to keep Europe safe for native rentiers and their savings.

European governments have long been agitating about the menace of uncontrolled and thus massive migration. Since their own economic policies (namely flexible labor markets, regressive taxation, and spending cuts, all with the purpose of making the territory under their care "attractive" to investors) leave many of their constituents in an increasingly precarious condition, they are eager to show that they can still protect their citizens from *something*, to wit the impending invasion of allegedly poor and culturally alien immigrants. Though utterly fictitious until 2011, the prospect of substantial immigration has gained a modicum of credibility with the tragic outcome of the so-called Arab Springs, thereby encouraging European leaders to fan anxieties about immigration so as to stake their own leadership on the promise of tighter border control.

However, toward the close of the summer of 2015, this trend of fear mongering was briefly interrupted by none other than Angela Merkel, arguably Europe's most powerful politician. Confronted with an increasing number of Syrian refugees seeking asylum in Europe, the German chancellor not only claimed that

taking them in was an undisputable *moral* duty, but also broke with the longstanding official line that claims that immigration is unbearably costly for host nations, arguing instead that welcoming asylum seekers was a good *economic* idea.

Angela Merkel's *Wilkommenskultur* moment proved short-lived, due to the very unfavorable reactions it provoked among her European colleagues and the members of her own Christian Democratic party. Realizing that she could not resist mounting international and domestic pressure, Merkel also did not want it to appear that she was reneging on her commitment to welcome Syrian refugees, at least. Thus, she looked for a middle ground and found a perverse albeit familiar solution, namely that of using so-called transit countries to act as a buffer zone and stem the flow of migrants. Hence the deal with the Turkish government: to the extent that Ankara's regime commits to keeping most Syrian asylum seekers within Turkish borders, Merkel can continue to say that those refugees who manage to get to Germany are still welcome.

But from Recep Tayyip Erdoğan's perspective, the appeal of the agreement with the EU is not only about getting Schengen visas for Turkish citizens or even about resuming negotiations for a future Turkish membership in the EU. Probably more crucial for him, in the short run at least, is the insurance that that Europe will turn a blind eye to his dirty war in Turkish Kurdistan and to the human rights abuses perpetrated by his government.

The current agreement between Turkey and the EU is in many ways reminiscent of the deal that the EU, and more specifically Silvio Berlusconi's Italy, had with Libya under Qaddafi at the turn of the millennium. At the time, the Italian prime minister poured money into Libya — to develop infrastructures, bolster border policing, and build detention camps — and he even apologized for past colonization. In exchange, Qaddafi committed to take in migrants expelled by the EU, regardless of their nationality, and to limit sub-Saharan migration to the EU by detaining people transiting through Libya in EU-funded camps. Sometimes, when the camps filled up, the Libyan police would just drive migrants to the desert and let them die there.

JG Was there resistance to the Libyan arrangement when it was taking place, or is something changing about how these sorts of actions are being perceived?

MF The point of these agreements is for Europe to conceal — by virtue of subcontracting and outsourcing — the dirty underside of its immigration policy. So these agreements were hardly publicized. Human rights organizations denounced them of course, but immigration issues rarely cause widespread outrage. What is truly frightening and perhaps different about the current agreement with Turkey is that European governments and institutions don't even try to hide it from public view. They seem to be sure that whatever is done to stem the inflow of refugees will be well received. This puts into question the efficacy of the "naming and shaming" approach that has always been at the heart of human rights and humanitarian activism, for what is the point of exposing the discrepancy between the actions of a government and the principles that it claims to uphold, when appearing to abide by these principles ceases to be a concern for that government?

JG One of the places you've written recently about the EU–Turkey question is the web publishing platform you've begun with Zone Books, called "Near Futures Online."[3] It's a great title, in that the "near future" is also the preferred time horizon of the speculator, as you've argued in your ongoing work on the idea of neoliberalism — a term you deploy very strategically, in that

we have to name a thing to take action on it. The near future is neither about present value nor long-term sustainability, but the kinds of short-term gains that drive our current economy. So your project is clearly a kind of counter-speculation, in that you're adopting the temporalities of neoliberal investment as your arena of political intervention.

MF Near Futures Online, which falls somewhere between an online journal and an online book series, is the digital companion of our print series with Zone Books entitled Near Futures, edited by Wendy Brown and me.

The "near future" designates the privileged timeframe of the current mode of governing firms, nations, and individual selves. It constitutes the horizon of the speculative bets upon which several forms of value are predicted: the shareholder value of a corporation, but also what Wolfgang Streeck aptly calls the "bondholder" value of a state, and, increasingly, the reputational value or capital of an individual. In other words, we live in a world where gambles on tomorrow's presumptive profits are given precedence over the mending of today's social woes as well as the prevention of after-tomorrow's ecological disaster.

Politically, however, to challenge the current capitalist regime—alternatively analyzed through the lenses of neoliberalism and financialization—it may not be sufficient to expose that regime's effects either on the present or the more or less distant future. Challenging financialization on its own turf requires us to reclaim the near future, to occupy not only public spaces—the Puerta del Sol, Zuccotti Park, Gezi Park, and most recently the Place de la République—but to occupy the timeframe in which speculative gambles exercise their hegemony. So, the twofold ambition of the Near Futures series is to gather books that provide a clear picture of our current neoliberal and/or financialized condition but also explore activist venues in the realm of this kind of counter-speculation.

JG Obviously the most architectural site of this kind of speculation is real estate, and it interests me how real estate asks individuals to adopt and internalize the practices of the neoliberal economy. The forces that seem somehow abstract at the scale of states and corporations percolate into our own behaviors. I was reading an article recently about Sweden's ongoing privatization of real estate. Because of the sharply limited supply of housing and the competitive nature of obtaining both financing and an available apartment, people are obliged to document what's known as a "housing career"—the idea that in accruing your architectural belongings, if you will, whether owned or rented, you're developing a form of self that can acquire credit.[4] This is just one of many ways that regimes of real estate demand new kinds of self-management, touching on Foucault's idea of the *homo oeconomicus*, in that we become entrepreneurs of our own personal histories.

MF I agree, but we must also consider what type of *homo oeconomicus* we're talking about. Foucault already historicized the *homo oeconomicus* when he distinguished between the subject of exchange or trade proponed by classical economists (Adam Smith in particular) and what he saw as the neoliberal subject of competition, epitomized by the Chicago School's idea of the entrepreneurial self.

My contention would be that the type your Swedish example refers to is still a different character than the entrepreneur of his or her own life that Foucault drew from the work of Gary Becker. For while the plan of early neoliberal economists was to incite everyone, whether entrepreneur or not, to act and think like an entrepreneur—to make decisions based

on cost/benefit calculations and the optimization of profit—the actual implementation of their program instead produced a society in which individuals are enticed to act and think like asset managers. In such a regime, one makes decisions based on a speculative assessment of how conducts and practices are currently rated, so as to maximize credit.

In the case you mention, potential homeowners and even renters are not only required to have the financial means to buy or rent the place they covet (and are of course required to refrain from unlawful conduct that could get them evicted); they are also expected to attend constantly to their creditworthiness in the eyes of lenders and other agents involved in the real estate market. That is what the so-called "housing career" you mention refers to.

Under the neoliberal regime, all but the higher salaries tend to be stagnant at best, so people increasingly stake their livelihoods not on the income they make but on their ability to borrow—hence the primacy of credit, even over profit, that characterizes both natural and artificial persons in the era of financialization. The latest incarnation of the *homo oeconomicus* can be considered a "rated agency." In the realm of consumer credit, the algorithmically produced FICO credit score (which is operative in numerous countries) is the paradigmatic device that not only supplies the rating but also provides the guidelines of conduct that purport to help individuals enhance their creditworthiness. Yet some people in the rating industry find the FICO credit score, which is exclusively based on the individual's credit history, too reductive—especially considering that in the age of big data, it is possible to construct rating devices based on an almost infinite range of personal information. So the twofold trend is both toward a multiplication of ratings and rating devices pertaining to the various regions of a person's existence and, ultimately, toward the construction of a consolidated score that would combine those various regional ratings of a person.

JG This connects to things you've said about the concept of leasing. The relationship between landlord and renter is the most familiar form of leasing, but you've argued that with the transition to an economy that we might characterize as neoliberal, the mechanism of the lease spreads to other areas. We lease time—something like a third of Americans are now considered private contractors rather than employees, and that's on the way up.[5] And with the rise of the so-called sharing economy, we even lease objects—"belongings" in the other sense, I suppose. Anything within our capital assets becomes a possible avenue of monetization. It seems to me that operating under the idea of the lease also breeds distinct ways of structuring our relationship to the object world that surrounds us.

MF That's right. This is the flip side of the rated agency: assets are both sources of income and collaterals that enable the *homo oeconomicus* as credit-seeking asset manager to borrow. As social benefits dwindle and jobs become more precarious, the private contractor, often glorified as a "free agent," gradually takes over from the relatively well-protected wage earner of the Fordist age. Rather than selling their labor power, as did the salaried classes of yore, private contractors try to reap revenues from their assets—their skills (from computer programming to assembling Ikea furniture by way of platforms like TaskRabbit), their cars or the extra rooms in their flat, or even some of the durable consumer goods they own, such as cameras and vacuum cleaners, which they "share," that is to say, rent, through consumer-to-consumer platforms that specialize in the facilitation of such deals.

Even more than the actual revenues generated by his or her various

assets, what matters to the rated agency is the estimated capital value of his or her portfolio, just as the CEO of a company is more concerned with shareholder value and the firm's creditworthiness in the eyes of investors than with the commercial income generated by the sales of the firm's commodities. Having very little protection with regard to health care, retirement plans, or welfare benefits, the private contractor is largely dependent on the estimated worth of the assets he or she can draw on. In other word, rated agencies largely depend on the *reputational* value of their assets—which is precisely what the so-called "sharing" platforms are supposed to provide and measure, hence the importance of the "reviews" that are such a central component of these platforms.

So what differentiates the contemporary *homo oeconomicus* from its predecessor includes this transition from a commercial, profit-based economy operated through trading markets to a reputational, credit-based economy operated through "sharing" platforms.

Of course, the two kinds of institutional settings still operate alongside each other and are intricately entwined. My contention is that the process of financialization that neoliberal policymakers more or less unwittingly unleashed involves a gradual subordination of the former to the latter. In a world ruled by speculating investors, firms and individuals are both less motivated to manage their capital so as to optimize its long-term yield than to manage their income so as to maximize the short-term value of the capital that generated it. (This is why, for instance, corporations use such a large share of the liquidity at their disposal to buy back their own stock—though commercially absurd, such a practice makes perfect sense if what you are after is the share value of your stock.)

JG You've described a similar process at work at the scale of the state, or at the scale of the European Community, which is to maximize capital value by displacing the category of person you've termed "the discredited." Here, the qualifications of "belonging" are really replaced with something like bankability.

MF As I mentioned earlier, Wolfgang Streeck has eloquently shown how the governments of the developed world have become primarily concerned with the "bondholder" value of their public debt—that is to say, with the propensity of investors to hold their Treasury bills and bonds. More generally, the art of governing nations in the age of credit is about maximizing the reputational value per capita of its population, so as to make the territory in which they reside as attractive as possible for investors.

Now, the maximization of human capital value per capita can be achieved in two ways. The first one, which could be called neoliberalism with a human face, involves enhancing the capabilities of the resident population. This is the course of action promoted by OECD [Organization for Economic Cooperation and Development] reports that urge their members to invest in education, open their borders to skilled and eager migrants, and create more flexible and balanced labor markets with (re)training programs. The second one, on the other hand, is about raising the average worth of the population by either getting rid of, or not letting in, those endowed with a low reputational capital. Though governments have generally resorted to both methods, disposing of the people deemed un-creditworthy has clearly been the approach of choice since the 2008 financial crisis.

In the European Union in particular, disposing of the discredited involves (1) deporting migrants as well as barring them from accessing European territory, even if it means letting them drown in the Mediterranean; (2) encouraging European citi-

zens to emigrate—more than 10% of both the Irish and the Portuguese population, most of them young and college educated but without many prospects of enhancing their bankability in the near future, has been forced to leave their country since 2008; and (3) tightening the conditions of eligibility for welfare or disability benefits, for the sake of making public deficits look less unattractive to bondholders.

JG Within the history of architecture, particularly that of early twentieth-century socialist movements, the speculator was an essentially villainous figure, and that remains the case in many discussions of contemporary real estate.[6] So as a matter of contrast, I find it notable that for you, speculation and credit are not negatives on their own, but the issue is rather how we attach cultural values to those things we speculate on behalf of. To the extent that architecture participates in the making of cultural values, it seems that understanding more a more progressive role for speculation might reflect back into how architects participate in the world of finance and real estate.

MF Keynes has a famous passage about how speculation is innocuous when it is limited to "bubbles on a steady stream of enterprise," but becomes a serious problem when enterprise "becomes the bubble on a whirlpool of speculation." For Keynes, the point was to issue a warning, to convey that having financial markets rule the economy would be like having "the capital development of a country become a by-product of the activities of a casino."[7]

In the last decades, however, what Keynes presented as a frightening possibility has become a reality—and a pretty resilient one at that, given that a shock of the magnitude of the 2008 crisis did not act as a wake up call. In other words, the world of credit is now ours, which means that those of us who find it objectionable must find a way to fight it on the very turf where its beneficiaries exercise their hegemony, instead of longing for the return of postwar welfare capitalism and centering our activism on the preservation of its remains. Insofar as credit, or creditworthiness, is the central stake, social struggles should be about the conditions of accreditation, the conditions under which credit is given, just like how the main struggle in the age of industrial capitalism and commercial profit was about the allocation of income.

JG Thus your call to minimize the "self-depreciating effects of left melancholy," which is always a fundamental political risk but feels especially poignant at the moment, given the cycles of optimism and disappointment that have afflicted so many movements globally. So if another valence of speculation is possible, what might it be? What are some ways we might reorient this idea of accreditation that would help move things toward a more—let's say—equitable, tolerable situation?

MF To get an idea of the kind of activism that would be capable of challenging the hegemony of financial capitalism, we might recall how earlier labor movements succeeded in challenging the hegemony of industrial capitalists. In Marxian parlance, "exploitation" refers to the conditions of employment under capitalism: the supposedly "free" workers, whose labor is constituted as a commodity that they seek to sell, are exploited insofar as their wages are inferior to the exchange value of the wealth they produce, thereby enabling their employer to make a profit. In keeping with this Marxian definition, labor activists of the industrial era identified salaried work as the social institution responsible for their exploitation. Practically, however, instead of simply rejecting the condition of salaried workers that was forced onto them, they formed unions based on the shared experience and interests of wage

earners. As a coalition of salaried workers united and strengthened by the recognition of their common lot, they managed to challenge their exploitation in the labor market. Thus, while denouncing the "free worker" selling his or her labor as the subjective formation enabling capitalist exploitation, the labor movement also embraced it, strategically at least, as the collective identity from which the working class would draw its power.

Reenacting this dual strategy—exposing and yet appropriating the subjectivity predicated by capitalist relations of production—is what must be done today, but this time vis-à-vis the power of investors. It involves *identifying* the subjective formation that is constituted by financial markets, i.e. the "successor" of the free worker constituted by the labor market in the era of industrial capitalism, as well as *embracing* it in order to challenge investors on their own turf.

In the labor market, the free laborers identified by Marx are merchants selling the only commodity in their possession, namely, their labor power. To put it differently, the labor market is constructed and represented as a place where individual agents, guided by their interest, negotiate in order to buy or sell a commodity called labor at the best possible price. Employers, who buy labor in the labor market, use their purchase for the manufacturing of commodities that they sell in the market of goods and services. Meanwhile, workers, who sell their labor to employers in the labor market, use their income to buy commodities from employers in the market of goods and services. In the liberal world constituted by the articulation of these two markets, both workers and employers are thus merchants, that is to say owners of tradable commodities, who are equally free to negotiate the price of the commodities they seek to acquire and sell.

In contrast, the subjects that investor-driven capitalism both presuppose and construct are no longer salespeople trying to make a profit by means of maximizing the price of what they sell and minimizing the cost of what they need to purchase. What investors contemplate are "projects" trying to attract financing, or, more generally, trying to bolster their credit. Such projects range from the provisional budgets of national governments and the business plans of corporations to the applications of job seekers, statements of purpose by prospective students, and, of course, the credit scores of loan seekers. From the standpoint of financial markets, any such company, state, or person is not perceived as a legal or natural entity seeking to profit from mutual commerce but as a legal or natural entity to be *invested in*, or better still, to be considered worthy of investment.

To counter the exploitation that was enveloped in the representation of workers as "free" labor merchants, labor unions did not encourage their members to discard their alienated identity but to embrace it, albeit strategically—they went to the labor market as a coalition of labor merchants and used their solidarity as leverage in order to raise the price of the commodity they were selling. Which is to say that one lesson of the nineteenth century labor movement is that to reflect the realities of today, similar advocates must first identify as credit seekers. It is by embracing their "invested" condition—by identifying as "investees"—that they will be able to turn financial markets into a contested field, a field where the stakeholders of a firm (its workers, its consumers, the taxpayers financing the infrastructures that it relies on, the neighbors affected by what it does to its environment) will be able challenge the hegemony of its shareholders. In such a situation, the users of public services and beneficiaries of social benefits will be able to challenge the hegemony of the bondholders of the state's debt.

If labor unions mirrored the mode of operation of the bosses' cartels—an alliance of producers intent on "fixing" the price of the commodity they are selling—then investee activists may be well advised to mirror the mode of operation of a rating agency, namely, that of an alliance of stakeholders intent on modifying the criteria that preside over the allocation of credit to companies, governments, and individuals.

JG This idea of leveraging financialization to produce change, rather than waiting on legislative channels, speaks to your work on nongovernmental politics. I'm thinking here of the book you edited with Yates McKee and Gaëlle Krikorian in 2007, and especially the section on what you termed "stakeholder activism."[8]

MF What we tried to get at with the notion of nongovernmental politics was a domain of activism that identifies the specific workings of a mode of government—how it operates, what type of characters and expectations it seeks to produce in order to sustain itself—and checks its noxious effects on its own terms. Stakeholder activism, whereby labor unions, consumer groups, and environmentalists would act together to weigh on the ratings of corporations and states, is certainly one instance of such nongovernmental activism. The essence of many new forms of activism being built right now is to recognize and counteract the kinds of power that finance is able to assert.

1 This conversation took place in Paris on May 31, 2016.

2 See, among many others, https://www.theguardian.com/world/2016/may/29/700-migrants-feared-dead-mediterranean-says-un-refugees.

3 "Europe at a Crossroads," *Near Futures Online* 1 (March 2016), http://nearfuturesonline.org.

4 Hélène Frichot and Helen Runting, "The Promise of a Lack: Responding to (Her) Real Estate Career," *Avery Review* 8 (May 2015), http://averyreview.com/issues/8/the-promise-of-a-lack.

5 In September 2014, the Freelancer's Union published a survey indicating that 53,000,000 U.S. residents—34 percent of the workforce—worked as private contractors.

6 Among the historical voices in this debate one finds Ludwig Hilberseimer's programmatic call for "an end to the metropolis that is based on the principle of speculation." See Hilberseimer, *Metropolisarchitecture*, ed. and trans. Richard Anderson (New York: GSAPP Books, 2012).

7 This passage comes from Chapter 12, "The State of Long-Term Expectation," in John Maynard Keynes, *The General Theory of Employment, Interest, and Money* (London: Palgrave Macmillan, 1936).

8 "Stakeholder Activism," in *Nongovernmental Politics*, ed. Michel Feher with Gaëlle Krikorian and Yates McKee (New York: Zone Books, 2007), 196-281, esp. 198-199.