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In America, government officials increasingly think and talk like liberal economists. Terms like “incentives” and “outcome-based assessment” are now common. Striving to operate more like businesses, government agencies have adopted the organizational strategies, management styles, and corporate cultures of the for-profit sector. Sanford Schram’s *The Return of Ordinary Capitalism* laments the rise of this neoliberal ethos. Schram sees this shift as socially harmful and anti-democratic. He believes it has contributed to precarious living conditions for ordinary Americans.

To enter into a discussion of Schram’s argument, there are some facts we must set aside: 1) As recently as 1980 nearly half of the global population starved on a few dollars a day, while today fewer than ten percent of human beings live similarly; and 2) while the American middle class is shrinking, the number of those earning twice the median income has risen seven percent since 1970 and basic goods, services, and living space have never been so affordable to so many Americans. So, on a variety of dimensions, our world is arguably becoming less precarious. Still, we wish to cede to Schram the conspicuous nature of corporate management styles in government services; indeed, we applaud him for emphasizing this point. We invite readers to consider an alternative explanation for the rise and domination of neoliberalism.

Contemporary academics typically assume that the governmental provision of social goods and services is necessary and justified. They forget that the provision of these services by real governments is a relatively recent phenomenon. In the wake of the Great Depression and WWII, the American federal government expanded, both in fiscal size and in scope of operation. Previously, diverse American citizens participated in their local communities and cultivated what Alexis De Tocqueville referred to as a “delicate art of civil association.” Local community groups, churches, clubs, and other civic organizations thrived in early American society. This decentralized network of civic organizations provided, though indirectly, a relatively vibrant and robust system of mutual aid and social services.

From this wider historical perspective, the recent trends of welfare reform, privatization, and curtailing of entitlements should not be seen as a deviation from an otherwise ideally functioning system of government services. Instead, these developments are merely one type

of adaptive reaction to the imperfections and administrative failures that came along with taking large swaths of American society under bureaucratic administration.

The New Deal was aptly named—it newly established formal governmental programs in transportation, education, housing, and other public services that simply had not existed before. Whether under Bismarck in Germany, Beveridge in England, or Roosevelt in America, the creation of government programs entailed the displacement of a once-vibrant civil sector. By governmentalizing these facets of society, in all three cases, citizens increasingly became residual claimants in one another’s lives. In America, as these new institutions grew in size and scope, the population also grew and diversified. With this size and diversity came an increase in reasonable disagreement and scarcity driven conflict.

The unique ideological assumption of the twentieth century, captured in the rhetoric of the New Deal, is that collective governance is normatively and practically superior to a disjointed liberalism. In transportation, education, criminal justice, and social service provisions, it was (and remains) commonly assumed that the central driver should be government. Yet the ideological assumption that social tasks must be accomplished collectively through political action, in itself, provides no practical explanation about how this can actually be done. Who should get priority services, of what quality, how should they be produced, distributed, and administered?

To us, the popularity of neoliberal management styles across different governmental sectors is more of a feature than a bug of the American system. In large groups of diverse agents, some disagreements and conflicts are inevitable. By subsuming social services under more formally governmentalized purviews, the New Deal and subsequent twentieth century federal expansions sent the several bureaucratic agencies of social service provision down similar paths. They all continuously sought to appease a growing variety of sometimes-exclusive aspirations while maintaining voter support.

We share Schram’s concerns about “suboptimization,” where decision makers focus so intently on performance measures that they compromise more foundational margins of social welfare. Schram’s discussion of this important problem reminds us of F. A. Hayek’s critique of market socialism. As Hayek demonstrated, standards of quantification and incentive structuring do not operate akin to markets when applied within governmental bureaucracies. This is not because numbers and incentives are inherently pernicious. It is because the bureaucratic context and informational feedback therein are differently structured from markets.

When customers perceive low quality products, or when private donors perceive poor results, they are free to go elsewhere and invest in alternative institutions with perhaps better management standards. Potential innovators are free

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361	to enter, and inferior practices free to exit. The proxies of	421
362	success are defined within a context of continual competi-	422
363	tion, trial, error, updating, adaptation, and innovation. But	423
364	when a state's bureaucratic network of public housing	424
365	implements a managerial scheme detrimental to social	425
366	welfare, political incentives reaffirm more funding, more	426
367	professional advising, and more extended oversight. Bureau-	427
368	cracy begets bureaucracy, far more than neoliberalism begets	428
369	neoliberalism.	429
370		430
371	Why do we get stuck with neoliberal bureaucracies?	431
372	Quantified reports and outcome-based strategies have	432
373	proven manifestly unable to accomplish abstract political	433
374	ideals (consider the War on Poverty, the War on Drugs,	434
375	or No Child Left Behind). Still, these styles of measure-	435
376	ment provide an appearance of tractable performance in	436
377	terms that political decision makers and voters can	437
378	understand and appreciate.	438
379		439
380	To us, the rise of neoliberal management styles in	440
381	government operations is not the result of a directed	441
382	effort (or conspiracy) to marketize social services. It is,	442
383	more profoundly, an inevitable by-product of managerial	443
384	trial and error within a bureaucratic context. The more	444
385	complex and abstract the political aspirations that are	445
386	attached to governmental programs, the more likely that	446
387	bureaucratic attempts to realize those aspirations will	447
388	misfire. Venues of repeated failure are likely to cycle	448
389	management styles until some minimal common de-	449
390	nominator is reached that at least appears to do least	450
391	harm. Thus, we aspire to a schooling system that is	451
392	vibrant, equal, and respectful of different forms of	452
393	intelligence. But in fact our public school system	453
394	segregates children, requires educators to teach to tests	454
395	that deny differences, and instills mindless lessons about	455
396	submission to authority. Thus, we aim for rehabilitation	456
397	and justified retribution within an enlightened criminal	457
398	justice system, but we end up merely warehousing human	458
399	beings.	459
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401	Schram derides the pernicious role of neoliberalism:	461
402	He calls for activism and solidarity as alternatives. It is	462
403	unclear how those alternatives will actually work. We	463
404	invite readers to consider an alternative inference from	464
405	the pernicious tendency of bureaucracies to converge on	465
406	neoliberal management styles. To us, the governmental	466
407	trends that Schram describes suggest a more radical	467
408	remedy—perhaps we should reconsider the scope of social	468
409	activities that we entrust to bureaucratic governance.	469
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