The exhausted futures of neoliberalism: from promissory legitimacy to social anomy

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ABSTRACT
The distinction between input-oriented legitimacy and output-oriented legitimacy (Scharpf, Fritz W, 1997. Economic Integration, Democracy and the Welfare State. Journal of European Public Policy, 4, 18–36) has been one of the most influential distinctions in political science. In this article I introduce a third arrangement supporting the legitimacy of political processes which I call promise-oriented legitimacy or, simply, promissory legitimacy. This term refers to the support political authority can gain from the credibility of promises political leaders make regarding future states of the world when justifying decisions and persuading others to follow them in their proposed course of action. Decisions gain support through claims about future development. Legitimacy crises arise if promises that were found credible become discredited and fail to motivate. I develop the concept of promissory legitimacy based on a discussion of what can be considered the most far-reaching political promissory regime of the last forty years: neoliberalism.

Introduction
More than 40 years ago, Fritz Scharpf (1997, 2004) introduced the distinction between input-oriented legitimacy and output-oriented legitimacy. Scharpf uses the term input-oriented legitimacy to refer to the legitimacy of political authority based on the mechanisms that link political decisions with citizens’ preferences. Input-oriented legitimacy thus refers to the institutions that hold political authority accountable. By contrast, the notion of output-oriented legitimacy refers to the legitimacy political authority gains from its effectiveness in achieving results. A political regime that disappoints in delivering outcomes will become contested. According to Scharpf, the legitimacy of political authority in democratic societies is anchored in both procedures and goal attainment.

This article expands upon Scharpf’s distinction by introducing a third type of justification that supports the legitimacy of political authority: promise-oriented legitimacy or, simply, promissory legitimacy. I use this term to refer to the legitimacy that political authority gains from the credibility of promises with regard to future outcomes that political (or economic) leaders make when justifying decisions. Such promises make claims on future developments associated with specific choices and thus legitimate political decisions. Credible promises lead voters (or investors) to follow the decision makers in their assessment of the situation and their proposed course of action. They thus contribute to the stability of social order.

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By introducing the notion of promissory legitimacy, I aim to demonstrate how crucial actors’ perceptions of the future are for the analysis of the legitimacy of political decisions and ultimately for the stability of socio-economic systems. To illustrate this argument, this article discusses the ascent and the crisis of neoliberalism as the policy paradigm that has shaped the world like no other over the last forty years. After explicating the concept of promissory legitimacy in the first section, the article will briefly refer to several core promises made by neoliberalism and conclude by discussing their current exhaustion. While neoliberalism has seemed to be staunchly resilient in the face of the exhaustion of its promissory future (Crouch 2011, Schmidt and Thatcher 2013, Ban 2016, Madariaga 2018), its dwindling promissory legitimacy, as I will show, comes at the cost of a social situation that can best be described as anomic.

**Promissory legitimacy**

Promissory legitimacy refers to a future-oriented dimension of the legitimacy of political and economic processes. Political authority gains legitimacy from the expectations followers have regarding the future effects of the actions pursued. However, since there are no future facts, such assessments of the future are not statements that show actual foreknowledge of the future. Confronted with the future’s uncertainty, these assessments instead have the epistemological status of promises that reflect knowledge as well as political or economic interests, hopes, fantasies, and social norms (Beckert 2016). By projecting their desires and fears regarding future events into these imaginaries, actors can cope with the uncertainty of the future and at the same time contribute to shaping this future.

Promises – or imagined futures – serve as ‘placeholders’ (Riles 2010) that, if they are seen as credible, create legitimacy for political authority despite the uncertainty of the future. Albert Hirschman saw the political relevance of such potentially illusionary expectations most clearly. He observed that ‘the expectation of large, if unrealistic, benefits obviously serves to facilitate certain social decisions’ (1977, p. 131) and that social orders are likely to fail if they are unsuccessful in resolving the problems they promise to answer. The social sciences should therefore pay attention not only to the unintended effects of decisions (Merton 1936), but also to their ‘intended but unrealized effects’ (Hirschman 1977, p. 131).

The uncertainty of the future and an ensuing sense of contingency are characteristic of social, economic, and political processes in the modern era (Bourdieu 1979, Koselleck 2004, Beckert 2016). That the future is thought of as not being predetermined but containing risks and opportunities whose realization depends on the decisions being taken reflects a temporal orientation specific to modern societies. This perceived openness of the future is as much a source of anxiety for actors as it is a base from which to seize envisioned opportunities. The non-determined future offers the possibility of shaping it, not least through the staging of projections with uncertain outcomes (Andersson 2018). Different actors can stage claims on desirable future states of the world associated with specific decisions, and several projections can compete for support. In significant ways, political power is exercised through such projections. If the claims a political authority makes are seen as credible in describing future outcomes and their connection to decisions to be taken now, they motivate support and thus contribute to political legitimacy.

Promissory legitimacy is not only crucial for understanding support – or a lack of it – for political authority, but also has far-reaching consequences for economic and political macro development. Economic and social changes are often triggered by decisions whose consequences only emerge in a quite distant future. For such decisions to be made, support for them needs to be generated despite the uncertainty of outcomes. This is what promissory legitimacy helps to achieve.

To be influential, promissory stories of future states of the world and envisioned courses of action need to appear credible to a larger set of actors. An analogy by Hirschman and Rothschild (1973, p. 545) illustrates promissory legitimacy aptly. Proceeding from the assumption that peaceful social development would only be possible if actors are able to expect that their turn to improve their economic situation will come, Hirschman and Rothschild describe a two-lane, one-way tunnel where passing is not permitted. At the beginning, seeing the cars in the other lane move forward may let the
drivers stuck in the slow lane hope that they will soon be able to move, too. Frustration and social conflict will arise, however, if this does not happen for a longer time period. Some actors are moving forward while others who are forced to stay behind are uncertain about their fate and react with envy. In terms of promissory legitimacy, the tunnel analogy can be told in the following way: To be willing to enter the tunnel, – i.e. to make a commitment to a decision whose intended effects may remain unrealized – actors must be convinced that there is at least a fair chance that there will be light at the end of it and that the desired outcomes will indeed be achieved. This belief expresses an imagined future (Beckert 2016). Whether the imagined future will be realized can only be known (long) after the decision has been made. If actors lose the hope for light at the end of the tunnel, disorientation and discontent will arise; promissory legitimacy fails. The ensuing legitimation crisis (Habermas 1973) comes about when the hopes actors had regarding the future are shattered.

Promissory legitimacy is established through discursively stated claims on the future regarding anticipated developments. Conversely, legitimation crises can ensue not only if procedural rules have been violated or if outcomes are disappointing, which are the alternative forms of legitimation crises envisioned by Scharpf. Legitimation crises can also be triggered if promises are met with suspicion or if promises that were once found credible suddenly fail to convince, i.e. when a certain imagined future collapses. The ensuing lack of promissory legitimacy leads to the shrinking of time horizons of actors, the delegitimation of political authority, and to insecurity and anomie in society; being stuck in the tunnel, the polity walks out on the cognitive guidance which is provided by the promissory credibility of an imagined future.

**Neoliberalism**

Despite its being a contested and elusive term (see Schmidt and Thatcher 2013), neoliberalism has been the most important imaginary dominating political discourse during the past four decades that provided promissory legitimacy to political authority. In recent years it has become a catchword in much of the social sciences to characterize the economic and social changes that have taken place to different degrees in industrial societies since the 1970s (Crouch 2011, Thelen 2014, Brown 2015, Davies 2017a) but also to describe the transformations in the formerly socialist countries. It has from very early on also been considered a paradigm for developing countries (Connell and Dados 2014).

The promissory regime of neoliberalism centers around the understanding that the governance of societies should rely on an increase in competition and the introduction of markets in all social realms. Alternative mechanisms of governance, particularly state interference with markets, are considered to be normatively and functionally inferior and need to be revised (Davies 2017b). Globalization, understood as growing competition and an increasing integration of markets on a global scale, is shaping societies along the path advocated by neoliberalism. So is European integration, based on the four freedoms that constitute the organizing principles of the single market. Neoliberalism is further characterized by a distinct shift from the concern for the collective to a concern for the welfare of the individual. Markets increase uncertainty for actors because they become more directly exposed to the vagaries of markets. This increase in uncertainty becomes tolerated through promises on the future associated with the reforms to be undertaken.

While many neoliberal policies are based on incentives for individuals, such as tax reductions to elicit economic industriousness or letting parents select their children’s schools to induce more competition among schools, neoliberal governance also entails an important coercive element (Foucault 2008, Connell and Dados 2014, p. 126ff). It advocates punishing those who do not play according to its rules. This is most obvious in the penalties introduced in welfare state reforms during the 1990s. In this sense, neoliberalism is not characterized by a weak state, but rather by a strong regulatory state which, however, gives up – or at least reduces – its redistributive functions. And, finally, neoliberalism is characterized by a logic of escalation: There is no market failure. Wherever developments go wrong, there must be more markets, not fewer (Le Galès and Scott 2008). On the side of the subject, this uncompromising logic of escalation implies morally that commitments made
can under no conditions be broken, for fear of inviting moral hazard. This holds true for the repayment of debt and the accompanying austerity policies, as well as for the unforgiving harshness of welfare provisions which teach the lesson that people need to fend for themselves.

The neoliberal policy paradigm came to influence politics in the west starting in the late 1970s (Hall 1993, Fourcade-Gourinchas and Babb 2002). It emerged from the perceived failures of the regulatory project of the postwar period, which was inspired by Keynesian economic doctrines and the idea of the political engineering of social development by democratically elected governments. This regime enjoyed promissory legitimacy during the 1950s and 1960s but plunged into crisis in the late 1960s and 1970s when it was no longer believed that many of its promises would be fulfilled in the future, leading to a loss in the credibility of its overarching narrative and of political authority (Hall 1993, Crouch 2011).

The promises of neoliberalism

The promissory regime of neoliberalism did not gain legitimacy from one day to the next. Instead, neoliberalism’s ascent to dominance was a twenty-year long political process characterized by contestation and disorientation. It was only in the mid-1990s that the new policy regime became established in its full promissory capacity. In the 1970s, the intellectual program of neoliberalism found its first policy applications in the monetary policy of the German Bundesbank and in economic reforms in Latin America, especially in Chile (Connell and Dados 2014). At the end of the 1970s, it was embodied in the United States’ monetary policy reform which fully came to bear when Paul Volker became the head of the United States’ Federal Reserve. The drastic increase in interest rates introduced in 1979 cut inflation almost instantaneously but also led to a dramatic recession in the early 1980s. When Margaret Thatcher and Ronald Reagan proceeded to privatize state industries and destroy organized labor to clear the way for imposing market discipline on workers in industrial relations, they were strongly influenced by neoliberalism, too. All of these reforms increased economic uncertainties for individuals by lifting collective protections and exposing actors more directly to the vagaries of markets. Neoliberalism gained legitimation not from its outcomes or procedures but rather from the hopes for future payoffs. Promissory legitimacy was anchored in the creation of economic and cultural expectations associated with markets and individualism. The general economic promise associated with these reforms was that they would bring Western capitalist societies back to a path of steady growth, low inflation, and higher company profits. Culturally the promises of neoliberalism conjured images of increasing autonomy, individuality, and choice (Boltanski and Chiapello 2005, Evans and Sewell 2013, Jenson and Levi 2013) – values that were advocated not only by market liberals, but also by cosmopolitan liberals and many of the new social movements emerging in the 1970s.

It was, however, not until the 1990s that neoliberalism developed as a regime with full promissory legitimacy in which the neoliberal promises underlying social reforms became hegemonic in the Gramscian (1982) sense of the term. In Eastern Europe, this is associated with the economic and social transformations after the collapse of socialism, with ‘shock therapy’ being the most radical type of liberal free-market reform. The uncertainties and hardships Eastern European societies endured were legitimated by the promise that the sacrifices would only be temporary and that they would ultimately pave the way to wealth and prosperity in the future. The tunnel of neoliberal reform policies was entered based on promises of this bright future.

In Western Europe, the decisive step in the development of the promissory legitimacy of neoliberal policies was the emergence of Third Way social democracy. While it is not surprising that center-right parties pursue free-market reform policies, center-left social-democratic parties are not expected to go this route. They did so by making voters believe in the promise that reliance on markets as a central governance mechanism would lead to the modernization of the welfare state, that globalized markets would create the economic prosperity necessary for redistributive programs, and that markets would be an inclusionary mechanism leading to a more just and equitable society by
providing equal opportunities for everyone (Giddens 1998, Rhodes 2000). Through this imagined future political authority gained legitimacy. Third Way social democracy’s promissory future of a ‘soft’ neoliberalism never managed to convince all its party members and the labor unions, but it did convince enough voters for a while, allowing social democratic parties to win elections in the center of the electoral spectrum.

In the 1990s, a wide-reaching political alliance formed between liberal market advocates and often left-leaning cultural liberals advocating individual rights and identity issues, leading to the dominance of the neo-liberal social imaginary (Evans and Sewell 2013, p. 37, Sandberg 2013). The widespread credibility of this narrative provided the promissory legitimacy that allowed for numerous fundamental social and economic reforms.

As these reforms flourished, the language of competition and the mechanism of markets took over more and more social realms. The tenets of neoliberalism were reflected in developments such as modified business strategies (Dobbin and Jung 2010), reforms in education and healthcare (Le Galès and Scott 2008), the privatizing of infrastructures, housing and education (Crouch 2011), tax reforms benefitting the wealthy (Bartels 2004, Harrington 2016, Palan 2017), welfare reforms (Kronauer and Linne 2005), financial market liberalization (Krippner 2011, Streeck 2014, Fligstein and Goldstein 2015), a reliance on voluntary compliance of companies to environmental and social standards (Bartley 2018), and significant cultural reorientations (Evans and Sewell 2013, p. 42ff). In each realm, the newly introduced policies were accompanied by promises of the positive future effects the orientation toward markets and competition would have. These promises were distinct in different countries, and took local specificities into account, but were underpinned by an overarching narrative.

The social reforms and shifts in cultural frames guided by the values and institutional forms advocated by neoliberalism were far reaching (Crouch 2011, Davies 2017a). The promises of neoliberalism converge in the claim that relying on market mechanisms, enhancing individual over collective rights, and reducing the role of the state make it possible to organize society in a way that maximizes individual freedom, enhances economic prosperity, and is also fair and equitable because it provides equal opportunities in the context of a meritocracy. Neoliberalism entails not just an economic vision for society, but also a moral one. It is a moral economy that envisions the future not as a collective project, but rather as an indefinite number of individual projects for which the state sets the frame. To stage this, it ‘seeks to represent all commitments – including those to the future and to future generations – in calculable monetary terms’ (Davies 2017b, p. 10).

The policies of neoliberal reform during the 1990s and early 2000s were not politically uncontested. But during this time the promises associated with the expansion of markets as a central governance tool were politically and socially dominant and created the necessary imagined future to provide legitimation for engaging in the reform projects. In this political context, the social stagnation or decline experienced by some and the mounting social inequalities affecting others were either ignored or seen as unavoidable costs of a profound transformation process which had to happen in order to attain a better future. Or they were interpreted as the result of reforms that were not yet sufficient or effective enough: that the logic of the market was not fully realized meant that too many compromises were still being made. Legitimation was based on an intended but yet unrealized future.

The exhaustion of the promised futures of neoliberalism

Undoubtedly, market liberalization had beneficial effects, especially in many low- and middle-income countries. The global organization of value chains also led to better access to cheap consumer goods and increases in company profitability in the industrial world. The elite groups involved in financial capital, the owners of industrial capital, and highly qualified experts profited from the extension of markets.

But despite its successes, neoliberalism lost its promissory legitimacy. Its promises did not survive the test of the real world. Today, they are largely exhausted. They are, in the words of Albert
Hirschman (1977, p. 131), ‘intended but unrealized effects.’ The credibility of neoliberal imaginaries vanished and led to the contraction of promissory legitimacy. This holds especially true for the Global North. The watershed event for this implosion of an imagined future was the crisis of 2007. The financial crisis disproved one of the central promises of neoliberalism, namely that self-regulating markets can achieve efficiency and stability simultaneously. The bewilderment among economic and political elites regarding the events of 2007 and 2008 showed that, in reality, the emperor had no new clothes. In the Great Recession following the financial crisis, and the failure to regulate financial markets after 2008 in ways that made a recurrence of a similar crisis at least unlikely, the ideas of neoliberalism lost their promissory legitimacy for substantial parts of the population.

The financial crisis marked the point at which it became clear how greatly the logic of the capitalist economic system and its desire for profits had become detached from any social logic and from society’s quest for justice and stability (Streeck 2014). The crisis led to profound disappointment and a loss in faith among large parts of society in the projected imaginaries of neoliberalism. Neoliberalism lost its promissory legitimacy by not being able to find convincing explanations for the financial crisis, solutions to alleviate the social stagnation or decline experienced by large segments of the population, the mounting ecological crisis, and responses to rising social inequality.

This loss of promissory legitimacy is illustrated in many scenes from the last decade. It was directly evident, for instance, in the wake of the events of 2007 when public opinion turned against bankers and their ‘greed’ (Davies 2017a, p. 157) and political demands shifted toward a stronger regulation of financial markets to reduce the risk of future financial meltdowns and the need for government bailouts. But the public demands were also a moral protestation against the privileging and lack of accountability of the most wealthy individuals and most powerful organizations (Angeletti 2017).

Another cause is the social repercussions stemming from the housing crisis that developed after 2007. In the United States more than 2 million homes were in the foreclosure process during the aftermath of the financial crisis. Differing in harshness between regions, the housing crisis hit low-income households especially hard, wreaking devastating havoc in the most severely affected parts of the United States (Desmond 2016). This led to a massive social crisis, especially in light of the promises that had long been associated with homeownership.

‘The bursting of the housing bubble in 2007 severely strained the American narrative linking market access to prosperity. Access to financial markets had not helped America’s low income and poor families; it had instead placed many in deep financial crisis.’ (Trumbull 2012, p. 30)

Today’s rising real estate prices and rents, resulting from an oversupply of money seeking globally profitable investment opportunities, create a growing social crisis for middle income earners in metropolitan areas worldwide.

A similar assessment can be made regarding privatization: privatization has often failed to generate the expected improvements in efficiency, led to significant job losses, and often jacked up costs for customers (Martin and Parker 1995). In the case of higher education, the dramatic increase in tuition has overburdened the financial capacity of middle-class and even upper middle-class families, leaving many students with substantial college loan debt upon graduation or unable to access higher education. Salaries are often not high enough to pay off the debt within a reasonable time frame. Credit, which once promised to open up opportunities, later turned into crippling debt that actually closed many future options for the debtors (Krippner 2017). In several countries, the resulting disillusionment has manifested itself in the social mobilization of debtors (Krippner 2017, Gonzalez 2019).

The exhaustion of neoliberal promises includes the social effects of globalization. The global integration of production chains has emptied whole regions of jobs and their associated life-worlds without providing meaningful alternatives for those who have been directly affected (Hochschild 2016). This does not mean that globalization had no positive welfare effects, but that these effects were unequally distributed, leading to welfare losses for those who had earned their livelihood in
industries that were relocated and lacked the qualifications to prosper in the newly emerging fields of employment. The insufficient political support for the regions suffering from this economic restructuring left large numbers of people behind whose aspirations were largely shattered.¹⁰

Unfulfilled neoliberal promises are equally evident in the disappointment over the failure to resolve the environmental crisis through market mechanisms and transnational governance. The frustration in this arena is also reflected in the inability of voluntary corporate social responsibility to adequately address the profound social damage arising in global production chains as a result of problems such as the violation of labor laws and environmental destruction (Bartley et al. 2015).

On the macro level, the disappointment reflects the unfulfilled promise of widespread economic prosperity stemming from the liberalization of markets and the ensuing globalization of production networks. The three decades structured by neoliberal economic policies witnessed significantly lower growth rates in Western industrialized countries than the postwar period with its more regulated economies (Gordon 2016). The threat of ‘secular stagnation’ has become even more pronounced over the last decade; several Western countries have not been able to return to pre-crisis wealth levels even ten years after the financial crisis (see Figure 1). Whatever income and wealth increases there have been, they have gone almost exclusively to the top twenty percent of income earners and wealth owners, while the lower half of the population faces stagnation or even decreasing income and wealth levels.

The unequal distribution of benefits and costs of neoliberal reforms manifests itself in the general trend toward increased social inequality (Hall and Lamont 2013, p. 7f, Blyth 2013, Piketty 2014). These developments have led to critical public discourse and social mobilization. The success of Thomas Piketty’s (2014) book, the growing interest in distributional issues in public debates, and the increased attention to questions of wealth and income inequality in research across the social sciences all testify to this (Piketty 2014, Atkinson 2015, Korom 2018).

The repercussions of the exhaustion of promissory futures are also political, as the contestation over several recent developments demonstrates. The stark contrast between Greater London and almost all the rest of England in the voting results of the Brexit referendum in 2016 and the victory of Donald Trump in working-class states that had long been Democratic strongholds show that the disappointment with neoliberal policies has reached significant parts of the electorate. Many people in the regions that were ‘left behind’ are no longer willing to follow the promises of neoliberalism. At the same time, the financial, political, and intellectual elites are mostly holding on to the policies of neoliberalism.

![Real GDP Indexed](https://www.stlouisfed.org/on-the-economy/2017/february/unemployment-rate-dynamics-us-europe.)

**Figure 1.** Development of real GDP from 2006 to 2017. https://www.stlouisfed.org/on-the-economy/2017/february/unemployment-rate-dynamics-us-europe.
Will neoliberalism survive?

Why, in spite of this loss in promissory legitimacy, have the institutional structures created by neoliberal policies remained largely resilient throughout the crisis? Why do we face ‘the strange non-death of neoliberalism,’ (Crouch 2011) a phrase that expresses the observation that the financial crisis has not led to a profound policy shift but rather strengthened neoliberalism by increasing the dominance of large corporations over public life.

Scholars in the social sciences predominantly expect a continued dominance of the neoliberal paradigm. The fact that its ideas are today solidly enshrined in institutions, that these ideas serve powerful interests, that no counter-narratives have emerged that are stronger in political discourse, and that neoliberalism is highly mutable are all arguments cited to demonstrate the likelihood of a continuing dominance of neoliberalism (Blyth 2013, Hall and Lamont 2013, Mirowski 2013, Schmidt and Thatcher 2013, Ban 2016).

An especially interesting model aimed at explaining the resilience of neoliberalism has been developed by Aldo Madariaga (2018), who distinguishes between three pillars of neoliberal policies (see Figure 2). Neoliberalism, he argues, is based simultaneously on cultural support through ideas, the economic interests of business, and the prevailing institutional framework. Madariaga focuses on the interaction and mutual reinforcement of these pillars. This leads to the conclusion that even though neoliberalism has lost its cultural appeal – i.e. its promissory legitimacy – it will remain stable because vested business interests and the existing institutional framework fortify it. This model is remarkable because it incorporates the interactions between several structural forces and thus helps to explain why neoliberalism’s dwindling promissory legitimacy did not lead in itself to profound policy changes. The legitimation crisis can be compensated by the power of the forces that are still working – or even thriving.

Despite the appeal of Madariaga’s explanation of the resilience of neoliberalism, the interdependencies of the three pillars can also be read differently, opening up the possibility of a different dynamic.

One alternative way to read the model is that the loss of any one of the three pillars bears the risk of weakening the others. This would imply that the loss in promissory legitimacy could lead to the weakening of the institutional structure on which neoliberalism is based. And it could mean that the policy preferences of business interests will shift. We can find at least some empirical support for each of these possible implications.

Figure 2. The three pillars of neoliberalism (Madariaga 2018).
Most importantly, the pivotal political events of 2016 – Brexit and the election of Donald Trump – can be interpreted as preparing the political ground for institutional reforms that reflect the exhaustion of neoliberal promises. The shift toward more protectionist policies goes against further liberalization and global integration of markets. The planned free trade agreement between the European Union and the United States (TTIP) was already exceptionally contested before the American election and was politically dead when the new US administration came into power. This indicates an institutional shift challenging the developments that dominated over the last thirty years. The same holds true with regard to migration, where we can observe significantly more restrictive policies in many European countries and the United States. In international organizations like the IMF, one can observe at least some revision of former policies, often expressed as concern over increasing social inequality (Ban 2016, p. 212ff). As far as business interests are concerned, it is interesting to observe that large institutional investors have recently cautioned the management of the companies they own to take their company’s social obligations seriously with regard to their stakeholders and the environment (Finks 2018). These newly emerging powerful investment firms do not aim at short term maximization of shareholder value of individual firms but are rather interested in maximizing the return on their market portfolio. This could indicate a shift of interest among investors, recognizing that social and environmental costs needs to be internalized (Yan et al. 2018).

The second possible dynamic is less optimistic. There are good reasons to believe that the dismantling of the regulative and redistributive capacities of the nation-state cannot be re-institutionalized on the transnational level – as advocates of cosmopolitanism believe. It is also not possible to turn back the clock and re-empower the regulatory capacity of the nation-state, and companies will not cover for the costs they externalize to stakeholders and the environment. Globalization processes and technological changes toward a more and more intangible economy (Haskel and Westlake 2018) have enlarged the exit options for business and private wealth to an extent that makes it prohibitive for politics to pursue nationalist strategies. Structural power is such that social inequality cannot be effectively counteracted. Today’s prevailing structural conditions do not provide the pre-requisites for a political ‘countermovement’ (Polanyi [1944] 1957).

This would imply that we have arrived at an impasse that mirrors a blockage of social development and makes the current social and political situation one that is best characterized as anomic. Anomy refers to a situation of discontinuity between culture and social structure that leads to deviance or resignation within society (Durkheim [1897] 1997, Merton 1957). Neoliberalism’s loss in promissory legitimacy suggests that significant parts of the population are normatively alienated from today’s social and institutional structures. At the same time, the existing economic structures are so entrenched in established power constellations that it seems impossible to expect a process of social reform to be able to realign them with the normative beliefs held in society. While this entrenchment may explain the resilience of neoliberal structures, the loss of promissory legitimacy is still leading to a profound change in the social situation because it provokes deviant reactions to the disconnect between social structures and cultural norms. The resilience of neoliberalism does not mean unchanged continuity.

Along this line and drawing on the notion of anomy, populism can be described as a form of rebellion against the goals and means of neoliberalism that defends communitarian norms by illegitimate means. The uncertainty of the future is no longer dealt with by credible promises of the future neoliberal social order, but by retreating into the imaginaries of an idealized past. Another reaction expressing the anomic character of the situation can be observed in the long-term trend of decreasing electoral participation, especially among the lower social strata that have lost economic status (Schäfer 2015). Robert Merton (1957) described ‘retreatism’ as a reaction to anomy. However, neither populism nor the retreat from participation in democratic forms of political representation lead to social ‘normalcy’ in Durkheim’s sense because the divide between social structures and cultural norms remains. Anomy might be the best concept to describe the current phenomenon of social structures persisting side by side that are shaped, on the one hand, by the principles evoked by neoliberalism and, on the other, that are confronted with the exhaustion of those principles’ promissory legitimacy.
Conclusion

Analyzing the trajectory of neoliberalism from the standpoint of promissory legitimacy provides an analytical angle for understanding the social and political events that have shaped Western societies over the last forty years. Political processes gain legitimacy not only from the actually achieved outcomes and from following accepted procedural rules, but also from expectations of an anticipated future that can realistically be hoped for. The notion of promissory legitimacy complements Scharpf’s classic distinction between input and output legitimacy with a category that focuses on the future-oriented aspect of decision-making. Political decisions must be immunized against the uncertainty stemming from the time gap between when a decision is made and when its effects become visible. When the light at the end of the tunnel cannot be seen, actors must still believe that the tunnel will eventually come to an end. Imagined futures fulfill this role.14

To mobilize a society (or large parts of it) behind a political project of transformation and the uncertainties it entails, a broad set of actors must be convinced of a vision of the future that they can aspire to. Social crises ensue when such imaginaries are exhausted and no new promissory future fills the emerging gap. This is currently the case with the imaginaries advocated by neoliberalism, whose exhaustion has led to a situation best described as anomic.

We cannot foresee which economic and political imaginary will gain promissory legitimacy in the future. It is obvious that there are currently no politically strong narratives that would point to alternatives to the neoliberal logic of competition, markets, and coercion in ways that are firmly guided by the principles of social justice and a democratic polity. What, for instance, do the Democrats in the United States have to offer as a progressive vision for American society?15 What political vision for the future of Germany does the country’s grand coalition have? What will Great Britain look like after Brexit? How can the European Union continue with the project of European integration in ways that make ‘people dream’?16

There is no politically viable alternative to neoliberalism on the horizon. A vision that could warrant promissory legitimacy would need a story that passes the following test: It would need to combine the capitalist imaginary of economic wealth accumulation with societies’ imaginaries of social justice and inclusion. It would need to be a story that convincingly respects and supports the dreams and identities of people who are less educated and less mobile, who need a modicum of stability to seek fulfillment in their lives, and who are anchored in traditions and the practices of local lifeworlds. The challenge is to tell such a story not as one of resentment, but as one of respect for particularistic identities and different life-courses within a universalist ethic.

That such an imaginary has not yet emerged might not owe simply to a lack of imagination. It might also be that the entrenchment of current economic and political structures forecloses the possibility of change along such lines and thus precludes realistic hope for such an alternative. The anomic situation we are currently experiencing may very well last and may only be resolved in a profound crisis of social and political integration.

Notes

1. This may be most bluntly expressed in the Margaret Thatcher soundbite where the late British Prime Minister stated, ‘there’s no such thing as society. There are individual men and women and there are families.’ See: https://www.theguardian.com/politics/2013/apr/08/margaret-thatcher-quotes.
2. For this point I would like to thank one of the anonymous reviewers.
3. The starting points for neoliberal policies varied from one world region to the next. In Latin America, where neoliberal policies were pursued first, especially in Chile, the context was military dictatorships trying to increase their countries’ economic performance without having to take democratic institutions into account. In Eastern Europe, where neoliberalism became the dominant policy paradigm during the transformation of society after the fall of socialism, the background was the profound delegitimation of the state and the disorganization of societies struggling with the turmoil generated by the collapse of long-standing institutions.
4. If we look at the intellectual origins of neoliberalism, we find that its history is needs to read either ‘even longer’ or ‘much longer’ even much longer (see also Evans and Sewell 2013, p. 39). It started with the development of
German Ordoliberalism as a reaction to the failure of liberalism in the late 1930s and was refined intellectually from the 1940s onward primarily within the networks of the Mont Pèlerin Society (Mirowski and Plehwe 2009). But this does not mean that a new promissory regime emerges seamlessly in a moment of profound crisis out of a previously existing one. On the contrary, what often emerges is a prolonged period of crisis that intervenes between two promissory regimes. This was the case in the 1970s, and it is has been the case again since the financial crisis of 2007, which has exhausted the promissory futures of neoliberalism but not led to a new promissory regime (see section 6). As Antonio Gramsci once put it, ‘the old is dying but the new cannot yet be born.’ (cited from Streeck 2016, p. 36).

5. Neoliberalism emerged in a much milder form in Germany and France in the early 1980s when Germany’s newly-elected chancellor Helmut Kohl announced a ‘Wende’ (turnaround) and when France’s president François Mitterand’s Keynesian-inspired policies failed at the beginning of his first presidential term.

6. The left-leaning intellectual support for neoliberal reforms was also reflected in sociology, most prominently by the political involvement of German sociologist Ulrich Beck and British sociologist Anthony Giddens (1994) as advocates of globalization, individualization, and the reform of the welfare state.

7. See, for instance, Alan Greenspan’s testimony to Congress in 2008 or the letter of the Royal Society in response to Her Majesty the Queen from 2009. A sense of this bewilderment of central banks is also given by Mervyn King (2016).

8. The widespread disappointment extends to the ‘expert paternalism’ that had developed since the 1970s, culminating in the de-politicization of economic choices and political rhetoric such as ‘there is no alternative’ and ‘too big to fail.’

9. See also the impressive ethnography of the housing crisis in an American city by Desmond (2016).

10. See Hillje’s interesting study of these developments in France and Germany (2018).

11. Schmidt and Thatcher (2013) distinguish between five different factors contributing to the resilience of neoliberalism but strangely do not discuss their mutual interactions and interdependencies.

12. Streeck (2016, p. 14) talks of a ‘lasting interregnum’ which he defines as a breakdown of system integration at the macro level, depriving individuals at the micro level of institutional structuring and collective support, and shifting the burden of ordering social life, of providing it with a modicum of security and stability, to individuals themselves and such social arrangements as they can create on their own.

13. Other forms of adaptive behavior that Merton distinguishes can also be observed today. Merton uses the term ‘ritualism’ to refer to actors reducing their ambitions and staying within the scope of socially accepted means to achieve their goals. The proliferation of precarious work contracts and employees’ willingness to accept them would be an example of this.

14. Seeing promises of future developments as crucial for processes of political legitimation – as well as for political crises – opens a much larger perspective than I have addressed here in my assessment of neoliberalism. I describe this perspective in my recent book Imagined Futures (2016), which does not focus on policy paradigms and political decision making but rather investigates the role of imaginaries of the future for the dynamics of capitalism.

15. The slogan on one of the new Democratic Congressional Campaign Committee stickers reads: ‘Democrats 2018: I mean, have you seen the other guys?’ (http://www.salon.com/2017/07/06/democrats-midterm-plans-start-with-these-horrible-anti-republican-bumper-stickers/).

16. This draws on a statement from 2005 by Jean-Claude Juncker, then Prime Minister of Luxembourg, who stated that Europe ‘no longer makes people dream’ (see: EuroActiv June 2, 2005). The European liberalization project was already suffering profound losses in its promissory legitimacy at that time. But even though this may have been noticed by some, the ship’s course was not changed.

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