**Chapter 14: Yale, Fail, Jail: Sadomasochistic Individual, Large-Group, and Institutional Effects of Neoliberalism (Adapted from 2014a,b, 2015, 2016)**

Long before the Occupy movements began, I asked a friend why he was so concerned that his children go to law school, and he replied: “The U.S. is well on its way to being like a third world country, where there is a tiny minority of rich people and the rest of the population in poverty, and I want my children to be among the rich.” One could interpret his response as an expression of greed, and, indeed, it shows little concern for the poor. But I understand it also as an expression of anxiety, an anxiety that is daily being passed down to middle-class children—along with indifference, if not contempt, for the poor: “Yale or jail” is how one of my white middle-class patients interpreted the parental message.

Our current social conditions of increasing income inequality, downsizing, outsourcing, high unemployment -- extremely high in some groups -- and generally precarious feelings about the economic situation have created much anxiety about class status and well-being in all classes. This has led, on the one hand, to split states of immense vulnerability and insecurity, and on the other, to public hatred of any signs of vulnerability and dependency. Dependency has come to signify “poor” and “failure.” From a psychological perspective, however, we know that denying dependency leads to a kind of grandiose sense of omnipotence in which one feels that one needs nobody and nothing. As a result, it becomes hard to see how rich and poor, powerful and vulnerable, are connected to each other, how we are all part of the same social system and thus mutually interdependent.

Grandiose states tend to be unstable and crash, precisely because we do need others. Fluctuations between grandiose omnipotent self-states and states of low self-worth are, in fact, symptomatic of the difficulties regulating self-esteem that clinicians refer to as narcissism, a dialectical disorder marked by oscillations between self-deprecation and grandiosity, devaluation and idealization of others, and longings to merge versus needs radically to withdraw from others. The form these oscillations take will differ depending on how the class inequalities that cause splitting intersect with the wounds of racism, sexism, and other social inequalities. I look here at some individual and large-group psychological effects of neoliberal social and economic policy and explore the relational dynamics of what I think of as social narcissism. I argue that in all social groups, on both individual and large-group levels, the stark inequalities ushered in by neoliberal governance lead to sadomasochistic and instrumentalized relational scenarios marked by domination and submission—and by the eroticization of positions of power and weakness.

**Neoliberalism**

In the U.S., “neoliberalism” is not a term commonly heard outside of academic circles. And yet, the effects of neoliberalism have become increasingly pervasive in public and private life over the past 40 years, promoting and/or exacerbating particular forms of narcissistic and perverse states. What is meant by neoliberalism and what have been its effects on psychic life?

In his lectures of 1978-79, Foucault (2008) suggested that the origins of various forms of neoliberalism appeared in the 40s, noting that whereas neoliberal ideologies in Germany arose in reaction against the all-powerful Nazi state, in the U.S. they developed in reaction against the New Deal, Keynesian economic policies, and, only later, against LBJ’s Great Society programs, e.g., the War on Poverty, all of which came to be summarized and demeaned under the heading “big government.” In the 40s in the U.S., neoliberal economic and political policies were based on the assumption that government ought to function largely as the facilitator of and handmaiden to free markets. Neoliberal backlash legislation was passed in several states in the 40s, policies that included right-to-work legislation that sought to undermine the power of unions (which were considered communist).

Nonetheless, as Paul Krugman (2002) and others have written, in the post-World War II period, 1945 to the early 70s, there remained a general consensus in favor of the welfare state. The dominant assumption, post-depression, was that the free market creates inequalities and crises that most affect the vulnerable, and that government needs to step in to protect the whole polity from capitalism’s excesses. Government, for example, should be active in redistributing wealth through progressive taxation, make sure labor has a voice in negotiating with capital for such things as length of the work week and benefits, and ensure as close to full employment as possible. This was probably the most egalitarian period in U.S. history, especially for white people. It was a time during which the white working and middle-classes enjoyed a rising standard of living, new government benefits, and a contract of sorts between labor and capital. To the dismay of those who benefitted, this period turned out to be a short blip between two Gilded Ages dominated by the wealthiest members of society and hostile to middle and working classes, and, most especially, to the poor of all races.

Naomi Klein (2007) coined the phrase “disaster capitalism” to refer to moments of crisis that allowed neoliberals to begin to institutionalize the policies they had begun to formulate in the 40s, first in Latin America and then in the U.S. Most of those who write about neoliberalism date the beginnings of neoliberal dominance to the late 70s. They argue that the first phase of neoliberalism in the U.S. was ushered in during the mid-1970s crisis years of high unemployment, high inflation, and high oil prices (Harvey, 2005; Peck and Tickell, 2002). In this period, a decline in capital accumulation caused rising anxiety among the capitalist elite. Besides high inflation and high unemployment, U.S. national identity in this era was battered and fragmented by the terrible losses of Vietnam, the humiliating defeat and ultimately unanswered question of what we were doing there in the first place, the unsettling of the social status quo brought about by black protest movements, student movements, and several other social justice movements confronting racial, class, gender, and sexual discrimination. A crisis of authority emerged as a crooked president chose to resign rather than face impeachment.

Although Ronald Reagan and Margaret Thatcher have become the poster children of neoliberalism through their loudly proclaimed disdain for big government, the story of U.S. neoliberalism’s rise as a subject-forming socio-political-economic ideology really starts earlier, during the Carter administration. The Nixon administration had in fact passed quite a bit of progressive legislation, including signing into law Supplemental Security Income, establishing the Environmental Protection Agency (EPA), and the Occupational Safety and Health Administration (OSHA). In the early 70s, heads of major corporations and right-wing ideologues began to go on the offensive against labor, progressive movements, and against government regulation. They created foundations, business organizations, and think tanks that eventually began to formulate and promote legislation favorable to the wealthy, for example, legislation that would drastically cut taxes on the wealthy, deregulate everything from banking to environmental policy, disempower unions, and take the teeth out of any consumer protections. The elections of 1974 brought to the Senate Democrats such as Gary Hart and Paul Tsongas, who, like many Republicans of the time, embraced neoliberal principles of free market capitalism. Although Carter himself was eager to promote progressive legislation, and Democrats controlled all branches of government when he took office, he was unable to do so. The first attacks were on the EPA, consumer affairs and labor legislation. A bill to create an Office of Consumer Representation, legislation that had at first seemed as though it would be easy to pass, was defeated in 1978 with 3/5 of the new class of Democrats voting against it. The capital gains tax – which taxes investment income -- was reduced from 48% to 28%.

In the U.S., beginning in the 70s, business interests became more and more organized and entrenched, exerting influence on the government via a massive rise in lobbying activity (Hacker and Pierson, 2010). The neoliberal partnership between business and government began to dominate U.S. life, and by the 90s neoliberalism had become the new normal, abetted by the rise to power of the Democratic Leadership Council (DLC). One of the DLC’s leaders, Bill Clinton, faced with an increasingly radical right wing Republican Congress, continued to dismantle pieces of the welfare state while simultaneously promoting globalization, free trade agreements, and banking deregulation. These policies resulted in the outsourcing of manufacture and the decimation of the industrial working class. As Krugman (2019) has said of the effect of neoliberal economic policies on the working class, the decline we have seen in workers’ wages has little to do with advances in technology but rather with “a political environment deeply hostile to labor organizations and friendly toward union-busting employers.” Eventually, all of these neoliberal policies culminated in the crash of 2007.

Because of the high cost of winning a seat in the U.S. government, most legislators, including those liberal on social issues, end up beholden to corporate interests. The huge income inequality we experience today has been achieved, in government, both through active legislation, like continuous tax cuts for the rich, as well as through passive ways of making sure progressive legislation, like attempts to impose regulations on Wall Street, goes nowhere. All of this has abetted the vast expansion of the wealth and power of multinational corporations and the finance sector. With the Occupy movements these machinations were finally publicly named as the cause of the largest income gap in the U.S. between the very rich and everyone else since the Gilded Age of capitalism (Krugman, 2002). The betrayals by both government and corporations have created crisis conditions for the poor as well as for both the white and non-white working and lower middle-classes (Lamont, 2000; Silva, 2013), what Hollander and Gutwill (2006) have referred to as a traumatogenic environment.

**Neoliberalism and social policy**

In classical liberalism, the market was conceptualized as a sphere separate from government. Neoliberalism, as noted above, is marked by a partnership between government and market, one in which government extends market values such as cost-benefit analysis and privatization into areas formerly understood to be part of the common good—e.g., health, education, social security. Whereas the welfare state shifted responsibility for market risks from the individual worker to collectivist solutions such as disability and unemployment insurance, neoliberal policies shift risk back onto the individual. As it retreats from providing a social safety net, neoliberalism promotes a particular vision of human nature: the individual is conceived of as an entrepreneur whose “nature” is competitive and based in self-care and self-interest (for descriptions of “homo entrepreneur,” see Rose, 1999; du Gay, 2004; Read, 2009). The function of the state becomes one of “facilitation”: individuals and organizations are “set free to find their own destiny;” the state “is relieved of its powers and obligations to know, plan, calculate and steer from the centre” (Rose, 1999, p. 476).

Citizenship itself is reduced to an individualist and consumption-driven form of self-care rather than being defined by an interest in the public good (Brown, 2006, p. 695). Social problems are reconceptualized as individual problems that market forces such as privatization and consumer products can solve. Brown writes (2006):

Examples in the United States are legion: bottled water as a response to contamination of the water table; private schools, charter schools, and voucher systems as a response to the collapse of quality public education; anti-theft devices, private security guards, and gated communities (and nations) as a response to the production of a throwaway class and intensifying economic inequality; boutique medicine as a response to crumbling health care provision; “V-chips” as a response to the explosion of violent and pornographic material on every type of household screen; ergonomic tools and technologies as a response to the work conditions of information capitalism; and, of course, finely differentiated and titrated pharmaceutical antidepressants as a response to lives of meaninglessness or despair amidst wealth and freedom. (704)

The neoliberal reconceptualization of the individual rationalizes the radical split between those who have a chance of making it in the system and those who do not and cannot: social divisions, produced by neoliberal policies themselves, become understood not as system failures but as “failures of *individual* choice and responsibility” (Hamann, 2009, p. 50). These so-called individual failures are what therapists are called upon to treat. As Hamman puts it (p. 43), “Exploitation, domination, and every other form of social inequality is rendered invisible *as social* phenomena to the extent that each individual’s social condition is judged as nothing other than the effect of his or her own choices and investments.” In the middle and upper middle classes, paradoxical psychological states of too much responsibility (for the self) and too little (for the common good) ensue (see Chapters 12 and 13).

In the U.S., then, neoliberalism is thus quite a bit more than merely an economic system or an ideology; rather, neoliberalism encompasses a whole way of living, what Brown (2006) calls a political rationality and Foucaultians call a governmentality, that is, “a particular mentality, a particular manner of governing, that is actualized in habits, perceptions, and subjectivity” (Read, p. 34). The extension of market rationality into social life entails “marketing” the subjective practices that will turn subjects into entrepreneurs who rationally choose to maximize opportunity when possible and, at the same time, will agree to shoulder much of the responsibility formerly taken on by public agencies (du Gay, 2004). Read (2009) draws some of the consequences: “The model neoliberal citizen is one who strategizes for her or himself among various social, political and economic options, not one who strives with others to alter or organize these options” (p. 35). The politics of neoliberalism, Read (2009) writes, entails “a generalization of the idea of the ‘entrepreneur,’ ‘investment’ and ‘risk’ beyond the realm of finance capital to every quotidian relation…” (p. 32): “the discourse of the economy becomes an entire way of life, a common sense in which every action—crime, marriage, higher education and so on—can be charted according to a calculus of maximum output for minimum expenditure; it can be seen as an investment” (p. 31).

As noted in Chapter 6, sociologist Sam Binkley has studied self-help books, the field of coaching, and positive psychology and has identified some of the practices that experts encourage people to adopt to be successful, “enterprising” selves. Subjects, he found, are dissuaded from introspecting, dwelling on problems, putting their experience in a relational context, or looking into the past to understand the present; rather, they are exhorted to be forward-looking, optimistic, and to set goals to maximize what is in their self-interest. Yet, such responsibilized individuals always feel expendable in a world in which the only value driving decisions in any domain is whether or not the action fosters economic growth.

**Psychic effects of neoliberalism: Yale**

By the 90s, the psychic effects of neoliberalism on middle and upper middle-class whites began to appear everywhere in the culture. Sometime in the 90s, when I as yet had no understanding of neoliberalism, I remember coming across a magazinecover that only later struck me as a horrifying example of the new normal: a full-page picture of a baby was accompanied by a caption that read “Is Having Children Cost-Effective?” I began to hear many of my middle and upper middle-class patients talk about maximizing effectiveness and optimizing just about everything (see Peltz, 2005; Chapter 12). Most of them seemed to feel a sense of virtue when they ran themselves ragged, and a sense of shame and anxiety about just sitting around and experiencing what we used to call “downtime.” In her study of the dignity of working men, Lamont (2000) had found that the white working class men she interviewed in the 90s dealt with the heightened feelings of vulnerability created by neoliberalism by drawing moral boundaries between the deserving and the undeserving poor (the latter of whom they generally associated with blackness (see also Wacquant, 2001b)). On the contrary, the upper-middle class professionals and managers she interviewed were psychically caught up in competitively comparing themselves to others of their class: their psychosocial energy focused on how much money they were earning, their job status, and which schools their children were getting into. Their capacity to separate their fate from the fate of those all around them is one hallmark of what I refer to as social narcissism.

As my friend’s words in the chapter’s opening vignette suggest, the white middle and even upper middle classes began in the 90s to experience what Barbara Ehrenreich (1989) called the fear of falling. Anxieties about falling, failing, being disposable began to be intergenerationally transmitted in prescriptions of what it means to be a proper human being. A growing literature focuses on the vast amount of work that middle-class parents, particularly mothers, currently put into assuring that their children get ahead and stay ahead in the world (what Lareau, 2003, has called ‘concerted cultivation’; Vincent and Ball, 2007; Reay et al, 2011; Walkerdine et al, 2001). Examples include paying for costly after school activities and college prep services, as well as writing/editing their children’s essays. In March 2019, news broke of a college admissions scandal in which rich parents bought their children’s way into college by faking test scores and by bribing coaches to turn a blind eye to faked athletic achievements. As many pointed out, this was merely the illegal version of the legal and culturally condoned means that rich people have used for years to get their children into top-tier colleges (e.g., by giving huge sums of money to their alma maters). As Carey (2019) writes: “[The college admissions scandal] is in some ways a case of one-percenters lusting after the privileges of one-tenth-of-one-percenters…”

What are some of the ways these cultural phenomena are lived psychically? One stark example of how practices of concerted cultivation transmit to individuals an ideology of what it means to be a proper and successful neoliberal human being was captured in an episode titled “Grover” (Krisel, 2012) of the sketch comedy, *Portlandia*. In this vignette, a pre-school boy, Grover, sits at a kitchen counter as his parents try to engage him in understanding how important it is that he do well at his upcoming private pre-school interview. Holding up a chart that graphs the trajectory that will follow if he successfully gets into the Shining Star Pre-school--and noting that they have trademarked his name--the parents point to the first symbol that will mark his upward mobility: an ivy-league college. Then, asking him if he can spell Ferrari, they point to a picture of the car he will drive if he gets into the pre-school. As a cautionary tale, they then hold up a chart that graphs failure. If he does not get into the pre-school, they tell him, he will have to go to a public school, pictured on the graph as a prison. They spew denigrating comments about the lower-class children he will be subjected to in public school, the dumb and low-class kids he will encounter in community college, and the guns and drugs that will inevitably lead to jail or to a life of shooting birds and squirrels for dinner. The crowning touch of the satire is when the father, following one of his contemptuous comments about the lower classes, tells his child, “Never judge.”

Grover knows that he is supposed to like the first graph a lot better than the second one, and yet, with each new close-up of his face, we find him looking increasingly bewildered and depressed. Still, when his parents ask him to say which graph he prefers, he readily endorses the success graph. The episode well illustrates Lawler’s (2005b) assertion that middle-class disgust for the working-class is at the heart of distinction—and thus at the heart of the creation of a middle-class identity built on NOT being disgusting and repellent.

The demand to be an entrepreneurial self is conveyed not only by parents but by other agents of the middle class as well. A former student, born around 1980, told me that in her upper-middle class elementary school lessons were taught that were designed to humiliate the children into striving for upward mobility (reported in Layton, 2014a, p. 470): in 5th grade, one of her teachers asked his students where their parents had gone to college. As each child responded, it became clear that the predominant answers were ivy league and elite schools. “Well,” he concluded, “none of you is going to any of these schools because you don’t work hard enough. You won’t get your first choice.” My student remembers that from that time forth she anxiously repeated to herself the mantra, “I must have my first choice, I must have my first choice.” She and her peers were exhorted to incarnate “the exhausting self-inventions” of what Hey (2005, p. 864) calls “reflexivity winners”; they were “forced” to choose, while less privileged others lack the resources to choose. You can almost taste the invitation here to oscillating and split states of grandiosity and low self-worth, to a punishing superego that marks a sadomasochistic relation to self; indeed, this student suffered from depressions that had at their core a questioning of what she was doing—and for whom.

Reay (2005) suggests that different kinds of anxieties animate, motivate, and, in some cases, cripple working class versus middle class subjects. Her sense is that while the working-class students she studied were plagued with anxieties, the middle-class students had less at risk, their cultural and emotional capital endowing them with more confidence (pp. 921-922). This may be true, because the effects of class inequality fall differently on different social classes. But the effect of class demands for distincton may be as psychologically damaging to middle-class achievers as to those who internalize a sense of themselves as unable to achieve. And, as described in the case vignettes in Chapter 11, the demand to rise in class, to be an economic winner in a world in which all others are considered losers, causes its own version of intense psychosocial distress. A central question is: do the different forms of damage perpetuate distinctions of superior/inferior, and, if so, how do they do it – and how do they perpetuate cycles of sadomasochistic relating? The Grover example suggests that processes of acquiring distinction require a distancing indifference toward and contempt for those who fail or cannot compete – and require as well a hatred of a self never quite successful enough to feel safely distinguished.

**Psychic effects of neoliberalism II: Fail**

How does neoliberalism affect the psychosocial positioning of those people toward whom the middle-classes are encouraged to effect a distancing sense of disgust and distinction? In Jennifer Silva’s (2013) interview study of cross-racial working-class young adults, *Coming Up Short*, she finds that the traditional markers that once defined adulthood in the working class– dignity in work, marriage, family, class solidarity – no longer seemed relevant to her interviewees, largely because they were not felt to be realizable. Subject to all the precariousness of so-called flexible labor markets and the shift from a manufacturing to a low-paid service economy, her interviewees had few chances of paying back massive school loans or finding stable employment. Paradoxically, however, their experience led many of them to support the neoliberal agenda of devaluing dependency and explicitly repudiating interdependence and any kind of group solidarity. Because they generally felt they had been betrayed by everyone and could rely on no one and no institution--not family, not education, not government--they took pride in their always precarious capacities for self-reliance. Silva writes, “Over and over again, the men and women I interviewed told me that growing up means learning not to expect anything from anyone…” (p. 83). They also drew sharp boundaries between themselves and those who needed government handouts, and this boundary-drawing usually had a racist dimension: the white subjects seemed to feel that if they had to make it on their own, everyone should (it is worth noting that, as economist Suzanne Mettler (2011) writes, most people, including those most vocally against big government, are unaware of the fact that, on average, nearly everyone in the U.S. enjoys at least four kinds of government benefit). Silva’s subjects felt that to struggle on your own is morally right, and even the African-American members of her sample, who knew the system was unfair, subscribed to belief in meritocracy. As Silva writes, they “make a virtue out of not asking for help, out of rejecting dependence and surviving completely on their own …” (p. 97).

Again, we find sadomasochistic features mark Silva’s interviewees: she reports that they tended to cut ties, turn inward, and numb themselves emotionally. They learned that choice is simply an illusion. Perhaps most alarming is that Silva’s subjects tended to define markers of maturity and adulthood in purely therapeutic terms: their stories of what had made them most proud revolved not around connections with others or finding work that was meaningful but rather around emotional self-management, that is, how they had struggled to overcome their demons, like drug addiction or familial abuse (childhood betrayals and early experiences of profound uncertainty were quite common in the sample). In compliance with neoliberal dictates, they largely separated their psychological selves from any connection with social conditions. These findings, I think, ought to send shivers down the spines of therapists; they remind us, as I have been claiming throughout this book, that therapists are called upon to treat social problems as if they are individual problems.

Even the so-called “pure relationship” that Giddens (1991) saw as anchoring “modern” subjectivity (see Chapter 5) was not an option for these working class young adults. Many of Silva’s heterosexual female subjects rejected relationships with men, blaming the men they knew for not being good enough breadwinners. In their study of a South Wales mining community, Walkerdine and Jimenez (2012) found similar gender dynamics. A casualty of globalization and neoliberal deindustrialization, the steel works had been shut down in 2000. This caused all kinds of new psychological difficulties for a community that had been built for 200 years around mining as the central male occupation. Young adult males were no longer able to live up to the traditional image of working class solidarity and proud, hard masculinity. The only jobs available to those who stayed were in pizza delivery or janitorial services. The neoliberal tendency to see problems as psychological rather than systemic also permeated this community. Many of the young men’s fathers were ashamed of their sons’ new status, and their mothers, and even their peers colluded in the shaming. These findings suggest that those who try but fail to make it in a neoliberal order have good reason not to trust anything or anybody, and the psychosocial effects in this group, too, generally tend toward enactments in which rage is either turned inward or turned onto those even less socially powerful.

**Psychic effects of neoliberalism III: Jail**

All of us, no matter what our social class, have to contend with the current mainstream ideal that the most successful human is a rich human and not a dependent human. All of us have been enjoined to become entrepreneurial selves even if we belong to ethnic, racial, or class groups that practice norms that challenge those of neoliberal individualism, for example, identities rooted in community and caregiving. For some social groups, neoliberal policies have severely damaged formerly tight communal bonds, and such policies have increasingly marginalized and denigrated many groups, especially poor people of color. Neoliberalism has indeed spawned its own unique iteration of U.S. structural racism. In fact, many commentators—including right-wing white conservatives—have noted that neoliberal calls for small government and for drastic cuts to social programs were and still are primarily motivated by white anxiety about losing political, cultural, and economic power to people of color (Bouie, 2019).

In *The New Jim Crow*, Michelle Alexander (2010) describes how the decline in urban manufacturing in the 80s and 90s created massive unemployment among unskilled and semi-skilled male urban African-American workers, up to 50% in some cities. Racist government policies, particularly the invention and execution of the war on drugs, combined with neoliberal economic policies to turn poor but formerly socially cohesive ghettos into wastelands. In her book, *Carceral Capitalism*,Wang (2018) brings together a wealth of material to show how cities and municipalities have become starved for cash not because of “big government” programs but because of massive tax incentives for corporations. In the age of neoliberalism, local governments have not only shifted their wealth from public services to corporations and financial institutions, but have then financed what is left of their public services, e.g., police and other departments, by levying fees and fines on poor people of color (pp. 179-187). The U.S. 2018 midterm elections revealed a panoply of Republican short- and long-term strategies designed to keep people of color from voting.

The mass incarceration of African-American men, normalized by ubiquitous media images of black men as criminals, led sociologist Loïc Wacquant (2001) to examine the systemic ties between what he calls neoliberal hyperghettos and neoliberal prisons. This complex, he argues, is the most recent incarnation of four U.S. “peculiar institutions” forged from racism (slavery, Jim Crow, and the urban ghetto were the three preceding incarnations). Describing the prison-like conditions of public housing and inner city schools (what Wang, 2018, p. 189, calls “carceral spaces,” where people are afraid to go out of the house), Wacquant quotes an elderly resident of a DC housing project who said: “It’s as though the children in here are being prepared for incarceration, so when they put them in a real lock-down situation, they’ll be used to being hemmed in” (p. 108). The New Jim Crow, a series of late 20th century and early 21st century laws that obstruct or prevent those who have ever been in the penal system from voting, living in public housing, receiving public assistance, operates alongside neoliberal economic changes that make it very difficult to get a well-paying job or have the means to get to a job.

As I have been arguing, it is a hallmark of US neoliberal political life that the more people are rendered vulnerable and disposable, the more the state of vulnerability seems to become figured as shameful. As many have noted (see, for example, Centeno and Cohen, 2012), increased income inequality has led the privileged to rationalize their privilege, which in turn has led to decreasing empathy for the poor. Homelessness, for example, is criminalized, and the incarcerated poor are deemed to have deserved their fate. By the 90s in the US, the white imaginary offered two predominant socially reviled subject positions to poor African Americans: the omnipotent male criminal, who terrorizes vulnerable whites with his criminal entrepreneurial skills, and his split off other side, the female welfare dependent, who, since Reagan, has held all of the country’s disavowed need and has been used as a signifier of the failures of big government. In this form of splitting, typical of and endemic to neoliberal practices and ideologies, omnipotent narcissistic versions of autonomy are pitted against degraded narcissistic versions of dependence. This incarnation of a racist white imaginary well exemplifies how a radical split between autonomy and dependence can be projected seamlessly onto a racialized and gendered divide. The options of “Yale or jail” between which my white middle-class patient felt she had to choose reveals a tragic truth about the deep social divides that mark everyday life in the U.S. As Wang (2018) compellingly argues, the safety and freedom of dominant, largely white, groups cannot be thought separably from the creation of disposable groups, most of whom are black and brown people.

**Social narcissism and neoliberalism: Sadistic institutional-level enactments**

Skeggs (2005) has suggested that in order to find the truth in what has been projected onto marginalized and disempowered groups we need to look not at those on whom the projections fall, but rather on those who do the projecting. When we do so, we easily find traces of the dependency needs that have been split off to attain the neoliberal fantasy of invulnerability. Anti-abortion movements, for example, seem intensely to identify with a dependent, helpless, and vulnerable fetus (Burack, 2014; Gentile, 2016). In work on trauma, Alford (2013) describes what he calls “group-reinforced denial,” which “too often depends on placing large numbers of people beyond its aegis, their existence representing an unbearable reality” (p. 268). Group-reinforced denial of vulnerability, he continues, “generally requires as its correlate the existence of others who are naked and vulnerable. My group is powerful because yours is weak, my group is invulnerable because yours is vulnerable” (p. 268). Such denial can easily become destructive, “creating a community of the fit inflicting the feared trauma on outgroups and others” (p. 268).

Highlighting the distinction between projection and projective identification, Alford complicates Skeggs’s point: “Unlike simple projection, projective identification not only attributes one’s psychic state to others, but acts in such a way as to bring about the attributed state in the other…” (p. 268). The evacuation of unbearable emotions and states into others “works its way behind the other’s ego defenses, creating the psychological state it would evoke. . .” (p. 268). Projective identification can only “work,” however, when the disowned and projected vulnerability becomes concretized in the kind of policies, practices, and distinctions described by Wang and Wacquant, i.e., the ones that exacerbate the vulnerability of those already most vulnerable. The exacerbation, too, is disavowed, as “omnipotent and invulnerable” selves cast all blame for worsening life chances on the already vulnerable. But as clinicians well know, the very fragility and instability of narcissistic states require a constant search for ways to reinforce the fantasy of omnipotence. The normative unconscious processes nurtured by neoliberalism set the stage, on both the individual and large group level, for relational repetition compulsions that are marked by sadomasochism.

I have elsewhere elaborated two particular large-group reactions to the anxiety-producing changes wrought by neoliberalism, globalization, and the attacks of 9/11 (Layton, 2006c; Chapter 13): retaliation and withdrawal, two typical reactions to trauma that merely reproduce trauma. In response to U.S. civil rights legislation of the 60s and 70s that was designed to protect vulnerable populations and extend citizenship rights to formerly socially excluded and devalued groups -- gays, minorities, the poor, women -- social conservatives, themselves beginning to experience the dislocating effects of neoliberal economic policies, immediately launched retaliatory movements that have, over decades, increased in vehemence and meanness. Since the election of Donald Trump as President, these movements have reached a fever pitch, manifesting in white nationalist racist violence and vicious attacks on women’s reproductive rights. Miyazaki ((2010), citing Hage (2003)), describes a kind of attachment to the state that may well shed some light on what motivates such retaliations. Hage argues that those who have given up hope that their nation will provide, yet who cannot truly face the reality that the state is no longer providing, continue affectively to attach to the state, but in a perverse and paranoid fashion subtended by “no hope.” The attachment of the “no hopers” becomes “a paranoid form of nationalism…” (Hage, cited by Miyazaki, p. 238). This paranoid attachment seems to manifest as a sense that the poor and extremely vulnerable are responsible for the fact that the state has abandoned those only moderately less vulnerable.

Among privileged liberals, a more prevalent response over time has been withdrawal from a commitment to sustaining public life (for examples, see contributions to the special section on the psychic effects of neoliberalism in the journal *Psychoanalysis, Culture & Society* 19(1), 2014: Adams, 2014; Archangelo, 2014; Glynos, 2014a; Samuels, 2014; Lesser, 2014; Roseneil, 2014). The withdrawal has many determinants, including (1) disappointment, as purportedly progressive leaders seem, post-election, to turn center if not center-right; (2) a growing sense, as traditional sources of solidarity erode and as risk shifts from the public to the private sphere, that every man is for himself; and (3) the fact that those at or near the top have done extraordinarily well economically. As noted in previous chapters, Rodger (2003) has referred to this withdrawal as amoral familism, a retreat into an individualistic private sphere and a tendency to extend care only to those in one’s family and immediate intimate circle. Describing what he calls the obsessional narcissism of the privileged, Samuels (2009, 2014) goes further, arguing that the withdrawal response also signifies the mainstream population’s desire not to have its fantasy of American exceptionalism or U.S. domination of world resources disturbed by awareness of their consequences.

These large-group reactions have been facilitated by the government’s abandonment of its caretaking functions at the very moment when the citizenry feels most vulnerable. As the safety net erodes, political leaders encourage vulnerable populations to “stay strong” or go shopping, which only makes those affected more ashamed of ongoing vulnerability, feelings of helplessness, and depression. Further, neoliberalism, as Fisher (Fisher and Gilbert, 2013) pointed out, is marked by new forms of bureaucracy that create new kinds of vulnerability as well as heightened anxiety about maintaining privilege. In such conditions, new social defenses emerge to deal with these anxieties (Menzies, 1960): those who can will seek refuge from an increasing sense of precariousness and vulnerability in identifications that psychically distance them from more vulnerable populations. Empathy becomes defined in such a way as to allow the privileged to feel distant and other from less privileged and suffering groups. This distancing is active as well as passive; it contributes to the many practices and policies that obstruct recognition of the interdependence of privileged and vulnerable/dependent populations and masks the complicity of the privileged in the suffering of those less privileged (see Chapter 12). The large-group responses of withdrawal and retaliation are at the heart of social narcissism.

The “group-enforced” denial of dependence and interdependence central to social narcissism (Alford, 2013) not only issues in individualistic feelings of “every man for himself” but also produces vicious circles marked by sadistic and sadomasochistic forms of relating. Scanlon and Adlam (2013), who consult to caregivers of vulnerable populations in the UK, well describe one such typical vicious circle, in which more privileged groups inadvertently inflict what they call “reflexive violence” on those less privileged. As they describe it, the circle begins with neoliberal policies that create categories of people, like the homeless, victims of rising income inequality, who are first socially excluded, then pathologized and not deemed proper citizens. Disavowing the effect of these prior processes of social exclusion, caregivers fail to recognize or acknowledge the way neoliberal conceptions of subjectivity are embedded in their very caregiving practices and attitudes (e.g., the demand to “just do it,” as if improvement in the condition of these populations is a matter of free choice, of making good versus bad choices). Scanlon and Adlam observe that when caring efforts are met with hostility or indifference, caregivers tend to become enraged or disengaged, completing a vicious circle of sadomasochistic relating.

Friends who are educators and familiar with failing inner city schools in the U.S. describe another such vicious circle. This one begins in a neoliberal refusal to take responsibility for poverty levels not seen since before the 1960s U.S. War on Poverty. Instead of addressing poverty, recent education policies hold teachers in inner city schools accountable for the poor performance of their students on high stakes tests. In many poor inner city neighborhoods, very high percentages of students have witnessed or experienced violence. Poverty and violence can severely damage the capacity to learn (Archangelo, 2010, 2014). What all children need, my friends asserted, is a safe environment that fosters creativity and a capacity to think. What these children get instead is a punishing regimen of teaching to the test from teachers who themselves face punishment for not improving scores. I sometimes teach teachers in suburban wealthy districts. They believe that their duty is to foster creativity and a capacity for critical thinking; where possible, they refuse to teach to the test. Teaching to the test damages all children, but it plays a particular role in reproducing inequality and will continue to do so as long as the willful disavowal of poverty and racism remains normative (see also, Adams, 2014, who describes the vicious circle of relations between poor, young black men and various disciplinary systems).

In 1960, Menzies described the “social defenses” that marked the nursing system that she was called on to consult to in the UK. Menzies found that the anxieties stirred up in student nurses by their work task, e.g., treating the ill and dying, were actually exacerbated by the structures put in place by their superiors, structures that were ostensibly meant to reduce work task anxiety. For example, nurses were given rigid task lists that actually interfered with their ability to create a relationship with any of their patients. As it turned out, only those nurses whose defenses aligned with the social defenses set up by the larger system were able to succeed in that system; Menzies found that the most capable and competent of the nursing students dropped out. More recently, in a chapter of a book that updates the social defenses group analytic tradition (Armstrong and Rustin, 2015), Cooper and Lees (2015) challenged the Menzies study for not having taken into account the broader social currents affecting social defense systems. In their study of youth protective service workers, they found that workers experienced and described two different kinds of anxieties. The first kind, anxieties connected to the workers’ actual work task of protecting children from harm, were depressive in nature (see Klein, 1946). The second set of anxieties, which came not from the work task but from the neoliberal austerity, surveillance and audit culture within which they operated, were persecutory (paranoid-schizoid). Workers reported that despite the difficulties entailed in protecting the children, the work was gratifying. What made their jobs most stressful, they reported, were neoliberal surveillance and audit policies.

In the sphere of neoliberal mental health services, Rizq (2014) well describes how such persecutory social defense systems operate and how they issue in a series of sadomasochistic institutional enactments. A patient complained that an intake worker at a National Health Service clinic (the UK single-payer health plan) had made her feel treated as a number. This complaint issued in new surveillance and audit procedures. At first, affected clinicians used their process group to express their anxieties about providing care given their work overload. But soon they began to blame the complaining patient, insisting that the therapist had been correctly following the rules. Rizq was supervising a group leader, who himself was now required to take attendance, and he reported that because the groups were now largely focused on sharing information about the techniques they were using to help them be more efficient with paperwork, he wasn’t sure what his purpose was. Rizq herself was becoming ever sleepier in sessions. When the supervisee missed a session, he anxiously hoped Rizq wouldn’t record the miss. Rizq agreed, but soon realized that the letter of complaint had set off a chain of events that had led to massive disavowal of how uncared for the new procedures had made people feel. Instead, the clinicians had embraced the procedures as legitimate and used them to reassure themselves that following the policies was tantamount to demonstrating care.

Rizq’s case example well illustrates how the new accounting regulations created a perverse and sadomasochistic situation, an untenable conflict between the therapists’ ethic of care and a neoliberal ethic of surveillance based in demands for economic austerity. The bureaucratic rituals of verification began to seem like the only logical way of proceeding: government cutbacks made it impossible for the therapists to care well for everyone. The needs were overwhelming. So they struck a deal in which complying with the ethic of surveillance would come to feel like an adequate substitute for care: where doing the paperwork became experienced as care itself.

Describing the anxiety fostered by neoliberalism’s creation of new forms of competition in spheres such as education and health care (with the focus on the ubiquity and constancy of rating and self-rating instruments, merit ratings that pit worker against worker, and the creation of what he calls “spurious quantificatory data” (p. 92)), Fisher suggested that workers like those Rizq describes become isolated, subdued and passive, their confidence eroded, their capacity for acting collectively undermined (p. 93). Thus, Gilbert (2013) finds that, even for the more privileged, collective action and political resistance, let alone participation in the public sphere, become severely hampered by a constant anxiety about just getting by day to day.

 The perverse nature of such interactions seems to me to be endemic to neoliberalism (see Hoggett, 2013), which suggests, again, that we look at the disavowal defense that is at the heart of perversion (Freud, 1927). Our public officials’ disdain for facts (so well captured in Franken’s 2003 book title, *Lies: and the Lying Liars Who Tell Them*) points to the connection between perversion and lying that I described in Chapter 13. Another way of thinking about the retaliation and withdrawal responses to neoliberal dislocations, then, is as social defenses erected upon a disavowal of what we know to be true but cannot bear to know.

As described earlier, Binkley (2009, 2011a,b, 2014) and other non-psychoanalytic thinkers focus on neoliberal subjective practices that demand a shift from comfort with dependence to repudiation of dependence. In a psychoanalytic frame, however, which recognizes no possibility or desirability of overcoming dependence, the task is to comprehend the psychic effects of a cultural lack of attunement to dependency needs and a cultural encouragement to split off and project dependency needs and vulnerability. Such effects, as we have seen, include intense shame about dependence (see Jimenez and Walkerdine, 2012), omnipotent versions of autonomy, and narcissistic processes that include oscillations between grandiosity and self-deprecation with regard to the self, and idealization and devaluation with regard to the relation with others. These narcissistic states and oscillations, fostered by a perverse society that disavows a reality marked by gross failures of accountability and proper caretaking by those in authority, underlie sadomasochistic enactments at the individual, interpersonal, and institutional levels.

**Conclusion**

In all of this, where might we find hope for social change? Progressive social movements clearly offer the most promise (see also Hall, Massey, and Rustin’s Kilburn Manifesto: https://www.lwbooks.co.uk/soundings/kilburn-manifesto). But professional counter-discourses to neoliberalism also exist. Binkley’s work (2014) reveals the complicity of psychological discourses with neoliberalism (see also Rose, 1989; Cushman, 2019). He describes psychological theories and practices based in the rational actor theory that guides neoliberal policy: that repudiate the idea that it is important to look within or to the past to understand present causes of suffering, that do not think about an individual’s problems in the context of relationships, that have no notion of unconscious process that divides the self against the self. All of the psychoanalytic theories of which I am aware certainly counter what Binkley describes as the versions of subjectivity promoted in neoliberal discourses. In “normalizing” vulnerability, dependency and interdependence as part of what it means to be human, in insisting on the importance of attending to thwarted needs for caretaking that result in obstructed capacities for basic trust, and in critiquing versions of autonomy that deny an embeddedness in relation, most schools of contemporary psychoanalytic theory offer something of a counter-discourse to hegemonic neoliberal discourses. But psychoanalysis colludes with neoliberal narcissism in generally refusing to understand what people suffer from as having to do with societal conditions (see Layton, Hollander and Gutwill, 2006; Cushman, 1995; 2013; 2019). We see effects of this refusal when clinicians unconsciously reproduce neoliberal versions of subjectivity (see Chapters 5 and 13), or when clinicians learn to turn a blind eye to the disparity between those treatments available to the rich and those available to the poor (see Debieux Rosa and Mountian, 2013; Goodman, 2015). Due in part to the psychoanalytic establishment’s disavowal of the effects of the social on the psyche, the profession--in the US at least--has had little impact on public policy. The marginalization of psychoanalysis is of course also in no small measure due to the dominance of neoliberal discourses that promote short-term cognitive behavioural treatments. But psychoanalysts could certainly play more of a public role in countering neoliberal values and practices, and the creation of the Psychotherapy Action Network (https://psian.org/) is one encouraging development designed to challenge the dominance of neoliberal mental health practices in the U.S. and promote the principles of a progressive psychodynamic therapy. I believe, as well, that further examination of the connections between neoliberalism, social narcissism, and perverse sadomasochistic dynamics and social defenses can and should stimulate creative thinking about strategies to bring about progressive social change.