

How far does neoliberalism constitute a distinct and coherent political ideology?

This essay presents the case that neoliberalism in its contemporary sense does not constitute a distinct and coherent political ideology. Predicated on the terms proliferation since the 1980s, the essay argues what once denoted a new, distinct form of liberal ideology, has metamorphosed into a deeply incoherent term which has weakened its analytical value in the process. The essay starts by defining the key terms in question: 'ideology' and 'neoliberalism'. An account is then given of neoliberalism's conceptual history. The intention behind this is to demonstrate neoliberalism's transformation from a moderate alternative to liberalism that resembled a coherent ideology, to a pejorative term used to refer to negative, radical phenomena. The essay argues that in its contemporary sense, neoliberalism may be broadly defined as a set of economic reform policies.

Before one can assess the degree to which neoliberalism constitutes a political ideology, the issue of the 'essentially contested' nature of 'ideology' must be addressed. Ideology is in itself a contested term, which proves troublesome when attempting to assess whether something is in fact an ideology. While nobody has yet come up with a single adequate definition (Eagleton, 1991, p.1), there has been considerable debate around the term which has given rise to numerous definitions suitable for different enquiries. For the purposes of this essay, ideology is defined according to Malcom Hamilton (1987, p.39) who posits that ideologies are:

“A system of collectively held normative and reputedly factual ideas and beliefs and attitudes advocating a particular pattern of social relationships or arrangements, and/or aimed at justifying a particular pattern of conduct, which its proponents seek to promote, realise, pursue or maintain” (1987, p.39).

Having now established a benchmark for what can be considered an ideology, attention can be paid to neoliberalism. According to Saad-Filho and Johnson (2005, p.1), “we live in the age of neoliberalism”. Perry Anderson describes neoliberalism as “the most successful ideology in world history” (Anderson, 2000, p.17). However, for such a pervasive phenomenon, attempting to define neoliberalism proves troublesome. Surveying the academic literature on the topic quickly reveals the term's conceptual ambiguities. Venugopal (2015, p.165) aptly notes this confusion:

“Does neoliberalism imply a contraction of the state vis-à-vis the market or state that works at the behest of markets? Is neoliberalism a depoliticised and technocratic fetishization of the market, or a deeply political agenda of class rule and neo-colonial domination?... Does it represent a radical ‘paradigmatic’ departure, or is it a far more modest recalibration of state-market relation with more continuities than discontinuities with the pre-neoliberal past?”

Within the academic literature there are at least four distinct ways in which neoliberalism has been employed to study political economy (Boas & Gans-Morse, 2009, p.143). It can refer to: a set of economic reform policies; a developmental model; a normative ideology; or an academic paradigm (2009, p.143). As a result, it is no surprise that neoliberalism has been criticised as “an oft-invoked but ill-defined concept” (Mudge, 2008, p.703). Having defined ideology as ‘a system of collectively held ideas and beliefs’, neoliberalism in its contemporary sense quite clearly does not meet these requirements. To simply declare neoliberalism an ideology in its contemporary sense would be to disregard a substantial amount of academic literature on the subject.

Venugopal correctly notes how the use of neoliberalism has been divided into two distinct periods marked by a structural break in and around the 1970s (2015, p.167). He furthers his point stating pre 1970, neoliberalism was employed to “signify a category of economic ideas... associated with the Freiburg Ordoliberalism School, the Mont Pelerin Society and the work of Friedrich Hayek” (2015, p.167). Here Venugopal implies somewhat of a continuity between the schools of thought mentioned. There are certainly similarities but also notable differences, which for the benefit of this essay are useful to distinguish. As such, a critique can be made against grouping them indiscriminately together. The critique is twofold. Firstly, Venugopal fails to distinguish the differences between the schools of thought he associates with neoliberalism in the 1930s-60s. Although Hayek had close intellectual ties to the ordoliberals his staunch opposition to state intervention into the economy, including antimonopoly legislation reflects a stark contrast between the Freiberg School and Hayek and the Mont Pelerin Society (Friedrich, 1955, p.512; Gerber, 1994, p.32). Secondly, he fails to note the normative connotations that the Freiberg School attached to neoliberalism. This is incredibly important as it is the normative connotations combined with the economic theory, that leads this essay to posit that under the Freiberg

School, neoliberalism constituted a coherent political ideology, that could be described as moderate renovation of classical liberalism.

The term neoliberalism began to appear within scholarly writings on political economy during the interwar period (Boas & Gans-Morse, 2009, p.145). The Freiburg School (also known as the Ordoliberal School) was founded in the 1930s and comprised economists and legal scholars. Their goal was to fundamentally revise classical liberalism which had fallen from prominence during the interwar years. Their notion of neoliberalism differed substantially from the negative connotations of market fundamentalism placed upon the term today. Their approach placed faith in the free market, however insisted that the state must play a role in order for the free market to function (Gerber, 1994, p.36; Megay, 1970, p.425). The German neoliberals (interchangeably referred to as ordoliberals) accepted two presuppositions of classical liberalism – “that competition is necessary for economic well-being and that economic freedom is an essential concomitant of political freedom” (Gerber, 1994, p.36). However the German neoliberals expanded the purview of classical liberalism. They not only advocated the protection of the individual from government tyranny but also the protection against powerful economic institutions which could limit economic freedom and subsequently freedom in general (Gerber, 1994, p.37). Therefore, the legal and regulatory systems proposed by the German neoliberals can be seen to expand past the limited ‘night-watchman’ state associated with the work of Adam Smith. To summarise thus far; the ordoliberals “sought to divorce *liberalism* – the freedom of individuals to compete in the marketplace – from *laissez-faire* – freedom from state intervention” (Boas & Gans-Morse, 2009, p.146).

Perhaps the most pertinent example of how neoliberalism used to constitute an ideology was the fact that the academic literature at time explicitly defined it as such. Kurt Hanslowe (1960, p.96) who at the time was assessing the potential implications of the United States adopting neoliberal policies defined neoliberalism as “an intellectual system, essentially an ideology, partaking of economic, sociological, and political elements”. A further example would be Behlke (1961) who stated “neoliberalism is not to be viewed as a direction in economics or economic policy, but as a humanistically-based intellectual orientation, in which philosophers, socialists, historians, legal and economic scholars have combined” (as cited in Gerber, 1994, p.36). The “willingness to place humanistic and social values on par with

economic efficiency” (Boas & Gans-Morse, 2009, p.146) not only distinguishes ordoliberalism as a moderate renovation of classical liberalism, but shows how the contemporary usage of neoliberalism that denoting radical market fundamentalism was not always the case.

In the 1960s, as a result of witnessing the ‘German miracle’ (a period of rapid economic growth in which ordoliberal thought influenced the economic policies), pro-market scholars in Latin America (specifically Chilean) noticed the ideas of the Freiberg School and wondered whether similar economic growth with effective inflation control could be implemented within their own countries (Boas & Gans-Morse, 2009, p.147). Within Latin America at the time, neoliberalism meant essentially the same thing as it had for the German neoliberals – a moderate renovation of classical liberalism that favoured slight state intervention to counteract social inequality and potential monopolies. Boas & Gans-Morse (2009, p.148) assessed the usage of neoliberalism within Latin America by examining the weekly Chilean magazine PEC, considered “one of the main outlets for right-wing economic in pre-Pinochet Chile”. They note that although the term was not extensively used, when it was, it was consistent with the ordoliberal thought. They also found specific reference to the humanist values that the German neoliberals stressed. In 1965 former deputy of Santiago, Santiago Labarca (as cited in Boas & Gans-Morse, 2009, p.148) says of Chilean politician Manuel Rivas Vicuna:

“He was a liberal, but not a 19th-century liberal; rather, he was...a ‘neoliberal.’ He placed the idea of freedom above all other values. Nonetheless, that freedom was only unlimited in the ideological realm, while in the economic realm it should be bounded by solidarity with all mankind.... [H]e concerned himself with preventing man’s exploitation of man, which had been the outcome of the old laissez-faire, laissez-passer liberalism” (2009, p.148).

Two decades on from neoliberalism’s debut within Latin America, the terms usage had become increasingly prevalent. Not only was it being more commonly employed, the meaning behind it was now quite different. The first patterns of asymmetric use had also started to appear. Critics of market reform had begun to use the term more frequently than pro-market scholars, further adding to the confusion. By the 1980’s the term imbued a negative connotation which was almost exclusively used by critics of market fundamentalism. Boas & Gans-Morse (2009) provide a compelling argument for the transformation of the term being a result of the economic reforms associated with Augusto

Pinochet's authoritarian Chile. The 'Chicago Boys', the group of Chilean students who studied post graduate economics under Friedman and Hayek in Chicago, returned to Chile and began to spread their philosophy. The influence of Hayek and Friedman explains why Pinochet's policies took on a radical fundamentalist approach to the markets. In the latter half of the 1970's the Chilean state witnessed "extensive privatization, deregulation, and the reductions in trade barriers" (Boas & Gans-Morse, 2009, p.151). It was during the height of Pinochet's rule that the term neoliberalism was being used to describe a set of political and economic reforms that were different from the Freiberg School. The term was no longer being used to reference the ordoliberals of the Freiberg School but rather specifically describing the market fundamentalism being implemented by Pinochet's government. The term could no longer be seen as a close relative to classical liberalism due to the nature of Pinochet's authoritarian rule it was devoid of political liberty, which the German neoliberals had regarded as inseparable from economic freedom. The term was being openly used by critics as opposition to the economic reforms. Given the dictatorial conditions in which they were implemented, it becomes clear as to why normatively negative connotations were being attached to neoliberalism. From the 1980s onwards, neoliberalism has become a widely used terms within many social science disciplines (Venugopal, 2009, 168), except in economics in which it has somewhat ironically disappeared.

The lack of a definitive definition, or at the very least a common agreement among academics as to its core attributes has rendered neoliberalism an incredibly imprecise term. Venugopal (2009, p.183), in a somewhat harsh manner draws the conclusion that neoliberalism has become a "rhetorical tool and moral device for critical social scientists outside of economics to conceive of academic economics and a range of economic phenomena that are otherwise beyond their cognitive horizons". While this essay does not seek to pass judgment on scholars academic capability, it did find that neoliberalism in its contemporary sense encapsulates an inordinate amount of contradictory phenomena (Birch & Mykhenko, 2009; Clark, 2008, p.138; Ong, 2007; Peck, 2010). Although predominantly referring to particular economic reform policies, it unambiguously connotes normatively negative phenomena associated with free markets.

A term that was once positive and implied moderation has become its polar opposite: a term with negative connotations that imply radicalism. To understand why this was the case, the essay analysed

neoliberalism's conceptual history. In doing so, it demonstrated that the Freiberg School's account of neoliberalism constituted a coherent ideology that was a moderate renovation of classical liberalism. It was specifically moderate in relation to classical liberalism in that it rejected the notion of laissez-faire and emphasised humanistic values. It is in this sense, that neoliberalism could be considered a coherent political ideology.

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